

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 25 October 2012

The Council continued to meet at Nine o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

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

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

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

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

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

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

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

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

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

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

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

THE HONOURABLE NG LEUNG-SING, S.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

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

THE HONOURABLE CHARLES PETER MOK

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN

DR THE HONOURABLE KENNETH CHAN KA-LOK

THE HONOURABLE KENNETH LEUNG

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

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

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

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

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

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

THE HONOURABLE TANG KA-PIU

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

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

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE CHRISTOPHER CHUNG SHU-KUN, B.B.S., M.H., J.P.

THE HONOURABLE TONY TSE WAI-CHUEN

MEMBERS ABSENT:

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

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

THE HONOURABLE CLAUDIA MO

THE HONOURABLE CHAN YUEN-HAN, S.B.S., J.P.

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

PUBLIC OFFICER ATTENDING:

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

CLERK IN ATTENDANCE:

MISS ODELIA LEUNG HING-YEE, ASSISTANT SECRETARY GENERAL

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Good morning. The Council will now continue with the debate on the motion "Universal retirement protection system".

UNIVERSAL RETIREMENT PROTECTION SYSTEM

Continuation of debate on motion which was moved on 24 October 2012

PRESIDENT (in Cantonese): Does any Member wish to speak?

MS STARRY LEE (in Cantonese): President, this is the fourth motion debated since the swearing-in of the current-term Legislative Council. The previous three motions are on the subjects of national education, standard working hours and the North East New Territories New Development Areas Planning and Engineering Study respectively. The results of voting on the three debates show that this Council failed to reach a consensus on the subjects concerned. This also indicates that it is quite difficult for this Council to seek consensus on subjects that may be rather controversial in nature.

Today, we continue with the debate on universal retirement protection. I am not optimistic about this motion being passed by this Council, because while I listened to the views expressed by Members from different parties and groupings throughout last night, I found that there was a huge divide between the stances of Members over universal retirement protection. Irrespective of the results of voting, I hold that the Secretary still has to tackle several major issues in society at present. If the Government does not resolve on tackling the problems immediately, they will remain a harassment to society, and it is not conducive to finding a consensus in society and forward development.

The first problem is the worsening elderly poverty. Insofar as this problem is concerned, we as directly elected Members very often have personal contact with the elderly in the community, so we are able to feel and observe it. Let us cite some figures, which may also have been cited by Honourable colleagues. As shown in the findings of the study conducted by the Hong Kong

Council of Social Service using the latest data from the Census and Statistics Department's survey, the overall size of Hong Kong's poor population dropped last year, but the rate of elderly in poverty increased from 32.5% of the previous year to 32.7% last year, totalling as many as 288 000 people. This is an apt illustration that the Government's effort in taking care of impoverished elderly was not to the point, and that a comprehensive retirement protection system was not in place, thus ever aggravating the problem of elderly poverty. That is the first big problem. If the number of elderly in poverty keeps rising, our society will absolutely have no way to move forward. That is also not the kind of scenario that we as an economy-based society with an impressive performance in GDP terms would hope to see long term.

The second major problem is the failure of the Mandatory Provident Fund (MPF) to afford wage earners protection in respect of retirement, as clearly indicated in the question session yesterday. As Members are aware, since the implementation of MPF, wage earners see more loss than gain. Wage earners' grievances against the MPF System have gone abyssal. Over the past 10 years or so, the Mandatory Provident Fund Schemes Authority (MPFA) and the Government have yet to find a way to tackle the problems of high management fees, no guaranteed return, and so on.

Findings from the Consumer Council's recent survey have certainly fuelled wage earners' dissatisfaction over MPF further. In fact, I am still baffled as to why the list on fund management fees has to be announced by the Consumer Council, but not by the MPFA on a regular basis. Are the MPFA's efforts in reducing fund fees, providing funds with more stable returns for our wage earners and the like so inadequate that members of the public are greatly dissatisfied with the MPF System? Therefore, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) yesterday stated our request that the Government consider initiating a study as soon as possible. We also suggested that the Hong Kong Monetary Authority (HKMA) act as a trustee of one of the funds, such that it could offer a fund with more stable returns and at the same time levy a lower or more stable fund management fee, as an option for wage earners. I believe that through the competition posed by the HKMA or other public organizations entering the market, other funds will do better accordingly in terms of fee charging or performance.

The last problem is ageing population. As a matter of fact, the problem of ageing population has harassed Hong Kong for long, and it is also clear to

Members that we need to face the problem in future. I believe that if the Government does not seize the opportunity to implement various measures pertaining to the ageing population and perfecting our social system, in both the political and social context, the problem will continue to give rise to a lot of discussion, or evolve into different forms of conflict and confrontation.

Lastly, I would like to share my view on the subject of today's debate. I believe it is the consensus of various parties and groupings as well as people from various quarters of society to establish a comprehensive retirement protection system. Nevertheless, is it necessary to implement a retirement protection system that is universal in nature? Why does it have to be universal? With our limited financial resources, is it necessary to equate a comprehensive retirement protection system with one that is universal in nature? From the remarks of different Members I have heard, I remain unconvinced. I believe that for Members who are worried about a universal retirement protection system, the crux of their worry is that Hong Kong's financial position may not be able to support a universal retirement protection system in a sustained manner, and such worry is not exclusive to the Members of this Council.

In fact, a number of studies on retirement protection systems have been conducted by this Council. Hong Kong academics knowledgeable in this subject have also put forward different proposals, including the three-tier maintenance allowance for the elderly proposed by Prof Nelson CHOW. In addition, Prof WONG Chack-kie has proposed optimizing the social security system and the MPF System; Dr LAW Chi-kwong has proposed a retirement fund management trust; as well as Prof HO Lok-sang's cohort-based public pension scheme. In my view, with so many proposals from society at present, we certainly do not have a credible actuary or organization to help us carry out actuarial studies on them. Hence, I hope that the Government can set up a committee tasked with working out computations for the various proposals put forward (*The buzzer sounded*) to enable society to engage in some rational discussions.

MR CHAN CHI-CHUEN (in Cantonese): President, we fight for and cherish every opportunity of discussion on a universal retirement protection system, because we hope that an increasing number of people may realize its importance. With a fiscal reserve of thousand billion dollars, the SAR Government has yet to launch the historical mission of addressing the urgent needs of the elderly. In

the 1960s, the concept of universal retirement protection was mooted. In 2000, the Administration under TUNG Chee-hwa not just stopped short of implementing universal retirement protection, it also introduced MPF, which led to widespread discontent among Hong Kong people and made them grieve in a tearless manner.

MPF does not perform the function of wealth redistribution, merely covering 60% or so of the people. Those who are disabled, unemployed as well as the working poor and housewives are left in the cold, whereas fund managers become the biggest beneficiaries. As for the welfare policy of the SAR Government, no matter how much fiscal reserve or surplus that the Hong Kong Government tallies, the so-called sweeteners are nothing more than the likes of tax rebates or rates concession, which are not tasty for the middle class to eat but out of the reach of the toiling masses. At present, even the Old Age Living Allowance (OALA) requires a declaration of assets, and this opens the gate for dodging for the rich, the cunning and the quick-witted while turning borderline elderly people away.

The Government should demonstrate sincerity in implementing a universal retirement protection system. At the same time, we hope that the Government will, firstly, increase the amount of the Old Age Allowance (OAA) as soon as possible, especially amid high inflation, to a level sufficient to maintain a basic living. Second, it should establish the soonest possible a committee dedicated to universal retirement protection, conducting adequate consultations and drawing up a timetable. It should also give an account of the Central Policy Unit's studies on universal retirement protection in the past, present a solid framework, data and conclusions, and consider transforming an enhanced OAA into a universal retirement protection system. For example, it should look into the possibility of using general tax revenue, social insurance or special funds earmarked for specified purposes as a financing option. Third, prior to the successful migration to a universal retirement protection scheme, it should not insist on the asset declaration or means test requirements for the OALA in order to demonstrate that it is really sincere about the eventual achievement of the goal of implementing a universal retirement protection system. Fourth, it should relax and simplify the procedures and requirements for elderly CSSA application, and remove the requirement that family members have to make an insulting declaration of not supporting their elders.

I would like to take this opportunity to point out that be it from the Government, some of the Members or among members of the public, there is this

specious argument, that is, it is difficult for the Government to bear the long-term welfare expense incurred under universal retirement protection. Are those subscribers of this argument aware of the amount of money the SAR Government currently has? A lie cannot stand the test of calculation. Apart from the fiscal reserve of \$6,700 billion, the SAR Government also has an Exchange Fund surplus of \$580 billion. As for the Government's free-to-use reserve of \$1,250 billion, it only takes an annual return of 2% net of inflation to reap HK\$25 billion, which is enough to cover the additional expense incurred by whatever is termed "special fruit grant" or the OALA until 2033. There is no need to resort to the original free-to-use reserve of \$1,250 billion in order to meet the expense for 20 years.

Whether in the short or medium term, I am aware that some Members of this Council, or even Honourable colleagues from the pro-democracy camp, are worried or doubtful as to what can be done when there is no money in future. They may also be worried about the ability to meet the expense concerned in the long run. Originally, it is good to worry in advance of everyone else and create a sense of crisis with a view to compelling the Government and the business sector to implement universal retirement protection, but such a specious argument has presented an opportunity for the Government and the business sector to take it as the best excuse against implementing universal retirement protection. Our analysis points out that it is good enough to sustain for 20 years. As for the situation 30 or 40 years later, we should deliberate on a better financial arrangement.

The current "fruit grant" actually carries the spirit of universal retirement protection. If its amount is raised to \$3,000 and the means test is removed, that will exactly be the spirit of universal retirement protection. What will support the additional expense incurred? Where is the money from? In fact, it can be deliberated over a long period of time. Hong Kong's colossal fiscal reserve at present, as I mentioned earlier, is enough to meet the relevant expense for 20 years. We can actually increase welfare for the elderly on the one hand, such as offering a non-means-tested OALA, and carry out discussion on tackling the matter in the long run on the other. There is enough time to do so.

We support Dr Fernando CHEUNG's original motion. I so submit.

MR WONG TING-KWONG (in Cantonese): President, the situation of a person who has worked himself up into a lather for half a lifetime, even when his hair on the temples turns white, his hair and teeth fall, is most miserable when he becomes an old man, broke with no money to make ends meet. According to the findings of the 2011 Population Census, there was a continuous ageing trend in the population of Hong Kong, and the child dependency ratio was continuously falling while the elderly dependency ratio was on the rise. Furthermore, among all age groups, the poverty rate of the elderly was the highest. The SAR Government must carefully deal with the issues of ageing population and elderly in poverty, because this will cause profound impact on the social and economic development of Hong Kong.

According to the Census, in the past five years, the population has increased by 200 000, with all of them belonging to the age group of 45 or above, while the population of the age group below 45 has decreased, in particular the population below 15, having decreased by 10%. It has augmented the overall median age by two years, from 39.6 in 2006 to 41.7 in 2011; and caused a drop in the child dependency ratio but a rise in the elderly dependency ratio, that is, every 1 000 persons aged between 15 to 64 have to support 177 elderly persons aged above 65. A projection based on this estimated that the figure would only go up in the coming decade. The Government must face these issues seriously and make the necessary arrangements to cope with the continual deterioration of problems in healthcare, elderly homes and welfare.

A study conducted by the Hong Kong Council of Social Service also pointed out that in the first half of 2011, one out of three elderly persons came from poor households. Since the income and savings of elderly persons were very limited, and they did not have retirement protection, they could hardly make ends meet as prices kept soaring. For that reason, there were calls in the community in recent years for the authorities to draw up plans as soon as possible to cope with the challenges brought by the ageing population, thus ensuring that the financial position of the elderly could be duly protected so that they could enjoy their old age in a dignified way.

The original motion mentioned that various countries or regions around the world had put in place universal retirement protection. But according to overseas' experience, in some countries with better welfare and more comprehensive retirement protection, it is a common practice that a monthly retirement tax rated at a certain proportion of his salary is levied on each and

every individual worker before he retires, and such measure is used by various governments in providing retirement protection to their retirees. The system has all along been implemented effectively, but the ageing population in recent years has caused a problem for these governments in meeting such expenses as the burden on these governments is growing heavier. For example, the French Senate passed a bill in 2010 to reform the country's pension system by raising the minimum retirement age from 60 to 62, and the full retirement age from 65 to 70. The reform caused public discontent and sparked a major strike in France. In Germany and the United Kingdom, the pension age has been raised to 67 and 68 respectively; and in Ireland, a pension tax will be levied on civil servants.

In view of these problems, the Government should deal with and study the matter carefully. As it involves three parties, that is, the Government, employers and employees, the authorities should avoid mismanaging the matter, thus causing an imbalance which will impact on the livelihood of the people and economic development. For that reason, I support the second point in Mr TAM Yiu-chung's amendment, that is, before putting in place universal retirement protection and setting an implementation timetable, a consensus should be reached on the proposed plan in society.

As to the Old Age Living Allowance (OALA), although the Government emphasized that it had nothing to do with universal retirement protection as its objective was poverty alleviation, society was still very concerned about it, and some people opposed to the income and asset declaration requirement. I met with owners of small and medium enterprises earlier to gauge their views on the matter, and I found that they unanimously agreed to the declaration system. The only question was that there was still room for discussion in respect of the asset limit; thus the DAB suggested that the asset limit should be relaxed. I personally believe that an appropriate increase in the asset limit will allow more needy people to receive the assistance, thus pre-empting any waste of resources as a result of the excessive grant of the allowance.

President, the Mandatory Provident Fund (MPF) schemes play a vital part in a long-term retirement protection system. Nevertheless, there are many complaints about the levy of high annual administrative fees by MPF trustees, as such fees are nibbling away the hard-earned money of contributors. In my capacity as a former member of the board of the Mandatory Provident Fund Schemes Authority (MPFA), I support any policy on continuous enhancement of the MPF schemes, including the Employee Choice Arrangement which is round

the corner, and I support the idea of lowering the fees and increasing the investment options of employees and establishing a good supervisory system in order to augment the rate of return of the schemes, thereby enhancing retirement protection of employees. Moreover, the MPFA should provide more relevant information in order to help contributors manage their MPF investment in a more effective way.

President, I so submit.

MR NG LEUNG-SING (in Cantonese): President, according to Article 36 of the Basic Law of the Hong Kong Special Administrative Region, "Hong Kong residents shall have the right to social welfare in accordance with law. The welfare benefits and retirement security of the labour force shall be protected by law." This is one of the articles under the "Fundamental Rights and Duties of the Residents".

In this city of Hong Kong where the majority of the population are Chinese, it is the aspiration of every member of society that our children should have the opportunity to be educated, the adults should be able to live in peace and work with contentment, the retirees should be provided with a secure living, while a sense of belonging, as well as health and worthiness should be felt by our elderly. Having a secure living after retirement is certainly a good thing. Indeed, protection for the basic living of every member of society after retirement is the goal which a harmonious society aspires to achieve.

Currently, the two major social welfare programmes provided by the Government in Hong Kong are namely, Comprehensive Social Security Assistance (CSSA), and Old Age Allowance (OAA), colloquially called the "fruit grant". The estimated payment of the "fruit grant" in 2013 is \$7.12 billion, accounting for 16.2% of the total recurrent expenditure of social welfare programmes for the financial year of 2012-2013, which reaches \$44 billion. This can be regarded as a kind of welfare protection for the elderly retirees. Moreover, the Mandatory Provident Fund (MPF) has been implemented in the Special Administrative Region since December 2000. This is one of the options of retirement protection. However, it requires mandatory contributions.

In practice, the issue of elderly poverty in Hong Kong has been becoming increasingly serious in recent years. The CSSA system and OAA have failed to completely resolve the problem. Some elderly who are receiving OAA but not CSSA have found the amount unable to meet their basic needs of living. On the other hand, the MPF System has been implemented for 11 years. Given the downturn of the investment environment, the performance of MPF schemes has not been satisfactory, and the investment returns have been found to be unstable.

The subject of retirement protection, and even universal retirement protection, has been proposed since the 1960s and 1970s. Even now, it is still mentioned repeatedly. There are still heated discussions on it. Some people even consider the existing circumstances pressing.

The implementation of universal retirement protection hinges on two words, namely "people" and "money". First, it is related to "people". How many people need to be protected? How many people have the responsibility and capability to provide this kind of protection? In other words, it is necessary to estimate accurately the size of the workforce, changes in the elderly population, and the overall affordability during different times in the years to come (including after 10 years, 20 years or 30 years).

Second, and also the most important element, is money. Where will it come from? With respect to the so-called "expenditure underwritten by the Government", will the tax revenue be able to meet the expenditure? Will the abovementioned levy income coming from the workforce be able to meet the amount of money required to support assurance for the basic living of our huge population of retirees and the elderly? How can we learn from the tax regimes of countries like Canada and New Zealand, and change the existing long-established low tax regime?

Of course, we can still conduct research on the means of pooling money and other sustainable options. However, such a scheme involves enormous difficulties as well as complicated circumstances. These are reflected by the fact that the study on the introduction of universal retirement protection has been conducted for a few decades, but specific options have yet to be drawn up.

Over the past two years, some academics have put forward the view that universal retirement protection is not feasible in that it will bring a heavy burden to bear on the young workers of the next generation, and may even cause society to bankrupt in the future. They have illustrated this by citing the circumstances of the relevant European countries as examples.

Some people opine that the fiscal reserve of Hong Kong is abundant. Citing the accumulated revenue of the previous term of Government which reaches over \$100 billion as an example, they point out that the Government should earmark tens of billion dollars or thousands of billion dollars as a start-up fund for the universal retirement protection scheme, with tripartite contributions from employees, employers as well as the Government. However, according to the calculation of actuarial experts and academics, after operation for a few decades, it is also possible that a fiscal reserve of over \$200 billion will be accumulated in Hong Kong. As a result, views are still diverse.

President, the implementation of a universal retirement protection scheme is an issue of enormous import that involves universal benefits and the fate of society. Since the previous-term Government had collected substantial information and data, and conducted an analysis on them, it should have been able to put forward a preliminary recommendation for continuous discussion by the public. I hold that people in Hong Kong are wise and intelligent, fully capable of making a correct choice. They should be able to resolve this problem at the present stage and in the long run in a gradual and orderly manner.

Since taxpayers still need longer and more effective discussions on the universal retirement protection scheme, it is therefore not appropriate to bundle up the scheme now with another pressing allowance which aims at relieving the poverty situation of the elderly population. Such a move will impede the elderly from getting assistance as soon as possible. I believe colleagues of this Council will remember the old Chinese saying, "The tree wants to remain quiet, but the wind will not stop; the son wants to serve his parents, but they are no longer there".

President, I so submit.

MISS ALICE MAK (in Cantonese): President, according to the projections of the Census and Statistics Department, the population of those aged 65 and above will surge from 0.89 million in 2009 to 2.49 million in 2039. The relevant proportion of this group will rise noticeably from 13% of the total population to 28%. In other words, in less than three decades, one out of four people in Hong Kong will be an elderly person. Some university academics even predict that the workforce aged 15 to 64 will gradually contract from this year onwards. By 2039, the active workforce will drop to around 60%. It is obvious that the problem of an ageing population is an irresistible development. Devising precautionary measures to tackle various challenges posed a rapidly increasing elderly population is also a significant issue the SAR Government and the entire society must now address.

In respect of this issue, Chief Executive LEUNG Chun-ying has made a pledge to ensure that the elderly would be given a sense of support, a sense of security and a sense of being sheltered in proper accommodation; and that the elderly would be honoured, loved and protected. Unfortunately, it is easier said than done. Over the years, despite the efforts devoted by the SAR Government to promoting the concept of caring for the elderly through different publicity drives, and providing various kinds of welfare and social security measures for the elderly, the Government has always lacked long-term vision and planning in formulating and implementing retirement protection policies. Its efforts are considered "inadequate in enthusiasm as well as ability". As a result, it has not been successful in prescribing the right measures to tackle the problem. Not only has it failed to provide stable and secure livelihood protection for the elderly, some members of society have also lost confidence in securing a stable post-retirement life in future.

As a matter of fact, the most important principle of formulating a policy on adequate retirement protection is a stable and safe source of funding; meanwhile, the protection should cover all members of society in order to achieve the optimum effect. However, over the years, the SAR Government has insisted on relying only on "walking on three legs" — Comprehensive Social Security Assistance (CSSA) and the "fruit grant", the Mandatory Provident Fund (MPF), and personal savings. Given that the meagre amount of the "fruit grant", some marginal elderly are not entitled to CSSA payments, more deficits than profits are recorded by the MPF schemes, and low-income earners who work from hand to mouth do not have much savings, basically it is not feasible to rely on "walking

on three legs". As a result, members of society are worried when they retire. It is precisely due to this reason that the Hong Kong Federation of Trade Unions (FTU) has all along demanded the Administration to face the issue of improving the system of retirement protection squarely. We have also recommended that the Government should raise the rate of the "fruit grant", conduct a comprehensive review of the MPF scheme (in particular, abolish the offsetting mechanism of the MPF System), and in the long run, formulate a universal comprehensive retirement protection scheme. Regrettably, the Government has all along failed to address the issue squarely, which renders the problem unresolved.

Let me cite an example. Under the existing occupation-based retirement protection scheme, a group much affected is left unprotected. This is the group of homemakers who work without any remuneration. We call this group the carers, including housewives who devote themselves to staying at home to look after other family members instead of going out to work. According to conservative estimation, the number of this group of people is over 700 000, accounting for almost 10% of the population. They do not have a full-time or part-time job, and thus, are directly excluded by the MPF. Hence, they are denied one of the pillars already. Lacking financial independence and stable financial support, they simply do not have any personal savings, and so their life in old age simply lacks protection.

At present, the number of babies born to each woman of Hong Kong is only 0.91, while people have an increasingly long life expectancy due to advancements in medicine. It is increasingly difficult for the younger generation to provide for the older generation. With the declining willingness of the younger generation to support elderly parents, the concept of sole reliance on family as a major source of financial support for elderly parents or family carers is outdated already. Further, with changes in the economic environment, inflation rises at a much greater rate than the rate of increase of salaries to the extent that some wage earners have to spend a great part of their monthly income on daily expenses. Given this, how can we expect them to contribute more to the family so as to give their partners or parents who are left at home an opportunity of making savings? Thus, with respect to the homemakers, since their individual savings and income do not come from a stable source, which is beyond their control, basically they do not enjoy any retirement benefits. Under the circumstance of deprivation of two of the three major pillars, it is not feasible

for them to rely on the meagre CSSA payment and "fruit grant" to meet the basic needs of retirement life. Their condition is a cause for concern.

President, this example is only the tip of the iceberg. The group of homemakers is definitely not the only group in society that is not protected by the existing retirement protection policy. The ageing population in Hong Kong is an urgent issue, and the resultant problems have already surfaced gradually. If the SAR Government continues to turn a blind eye to it, it will only aggravate the issue and further increase the burden of CSSA and other social security measures. Thus, the FTU urges the Government to sense the urgency of the people, make good use of the golden period of five years, and devise and implement as soon as possible an effective and sustainable retirement protection scheme that will benefit all members of society, so that the elderly may live their twilight years in dignity. This will also help the younger generation to allay some of their worries.

President, I so submit.

MR FREDERICK FUNG (in Cantonese): President, just as I said during the last motion debate, it seems that this Government has gone to the extreme. In the face of the storms after it has assumed office, the Government has not only failed to learn to be wise and to behave properly, it has remained obdurate, refusing to face the truth of various problems, refusing to admit the public's distrust of it. Worse still, it has actually stirred up dissent and conflict in the community — this is the case with national education, and also the North East New Territories Development. The new Government is trying to divert attention by means of hastily introducing some policy initiatives with the aim of recovering the lost ground and restoring the Government's prestige in governance.

Unfortunately, these policy initiatives have always been based on the will of the officials, devoid of thorough consideration in the process of formulation. As a result, the attempts are counterproductive. In allowing white-form applicants to purchase flats under the Home Ownership Scheme (HOS) with premium not yet paid in the HOS secondary market, the Government only succeeds to push up property prices. Moreover, the approach adopted in implementing the Old Age Living Allowance (OALA) Scheme is another example. The attempt has exposed the impatience and anxiety of the

Government. In seeking instant success, the Government has resorted to alternate threats and promises. It can be said that it will stop at nothing to achieve its goal.

President, for a Government that claims "no livelihood problems are trivial", for a Chief Executive who repeatedly emphasizes there is only one single camp — the Hong Kong camp, the Administration is very short-sighted in its handling of the issue of welfare for the elderly. The Chief Executive is hard selling the OALA Scheme with the sole aim of restoring his prestige in governance, and getting rid of the negative publicity he has attracted since taking office. And for the sake of this, he has gone to such lengths as to fall out with every political party in the Legislative Council, putting aside all political ethics. He wants to use every means just for this time around, exhausting the political allegiance of the pro-establishment camp, demanding them either to submit or bow, even at the expense of demanding them to change their stance shamelessly.

Before the election, LEUNG Chun-ying had deliberately built up his image of being a visionary and capable person. Now this image is gone. On the contrary, the short-sightedness of LEUNG Chun-ying is exposed. President, it has turned out that under his governance, he attaches more importance to the prestige of the Government than public interest. He has completely forgotten that the authority of the Government originates from the people's mandate. People in power only represent the will of the public, and this will of the public must work in the interest of society as a whole. Unfortunately, this is precisely his inherent flaw — the bad consequence of a small-circle election and politics of preordination.

President, the election-oriented proposal of double "fruit grant", now formally renamed the OALA, has fully exposed LEUNG Chun-ying's ugly demeanor. The repercussion brought about by such radicalized and harsh means is indeed a cause for concern. This will only pave the way for the increasingly difficult governance of the SAR Government in the future. It creates difficulties for the pro-establishment camp, and more difficulties for the pan-democratic camp. In the end, the community will only become more radical. Does the short-sighted and calculating Chief Executive LEUNG Chun-ying really not understand this, or does he only pretend not to understand it?

President, the Hong Kong Association for Democracy and People's Livelihood (ADPL) has advocated the universal retirement protection scheme for many years, and we have fought for it for many years. The focus of our proposal is not on a temporary measure of handing out candies to the elderly; our focus is on a sustainable, stable, and comprehensive retirement protection scheme. We neither want an MPF scheme which is plagued with loopholes, nor a scheme that guarantees huge profits for fund companies. We hold that the OALA should only serve as a stop-gap arrangement. The Government should retain the existing system of the "fruit grant" and allows the elderly aged 70 and above to receive the "fruit grant" without undergoing any means test. The Government should show its commitment and determination, formulating a target period for the implementation of a universal retirement protection scheme, with a view to facilitating the gradual transition from the "fruit grant" and the MPF scheme to the universal retirement protection scheme within five to eight years.

With respect to the handling of the relevant issue, the Government has all along adopted the tactic of procrastination, either using an endless study conducted by the Central Policy Unit as an excuse, or dragging its feet on the pretext that a consensus has not been reached in the community. Now Chief Executive LEUNG Chun-ying has actually put up the pretext that a consensus on the universal retirement protection scheme has not been reached in society. May I ask, regarding the national education forcibly implemented by the Government, does it mean that a consensus has been reached in the community? Has society arrive at a consensus on China-Hong Kong economic integration? In the face of these facts and realities, the Chief Executive would proceed forcibly. Is this not an application of double standards? This is not convincing at all.

President, all those years ago, Chief Executive LEUNG Chun-ying had carefully schemed in running for the Chief Executive office, to the extent that he chose to violate the rule of collective responsibility and proclaim his support for minimum wage, with a view to soliciting wide public support. He had such courage back then. But after he has assumed office, he is now huddling up like a turtle, refusing to implement the universal retirement protection scheme by claiming that a consensus has not been forged in the community. It is only now that the Hong Kong people who had been fooled and used by him back then come to realize he is so utilitarian.

Chief Executive, whether you have the objective of establishing prestige in governance, or buying popular support, I hope you will not create a further rift among the elderly. You must not demonize the elderly, presenting an undesirable image of them as people who will only increase the burden of our future society without making any contribution. The mistake of Donald TSANG must not be repeated. He must not use similar tactics employed by Donald TSANG. Back then, in increasing the rate of "fruit grant" to \$1,000 and introducing the means test, Chief Executive Donald TSANG had repeatedly exaggerated the expenditure, citing the reason that it would be difficult for public revenue to meet the expenditure or it would bring about a financial disaster in order to confuse and mislead the middle class and the intellectuals, making them believe in those lofty reasons and data, but overlooking the assumptions. It turned out that the accumulative reserve, the MPF effect, as well as the factors for universal retirement protection had not been included in the calculations.

President, I really hope that Chief Executive LEUNG Chun-ying will desist before it is too late, and avoid making the same mistake. In respect of the OALA, it is advisable that he should refrain from being obstinate and short-sighted, focus anew on the genuine goal of giving a sense of support and a sense of security to the elderly, and implement universal retirement protection.

President, I so submit.

MR KWOK WAI-KEUNG (in Cantonese): President, I hold that it must be through the co-operative relationship between the executive and the legislature that a Government can achieve smooth operation, which will eventually be beneficial to the public. However, with respect to this dispute over the OALA, it is evident that the executive has completely no regard for the existence, consultative work, function, and effectiveness of the legislature.

It is obvious to us that this OALA is not a plan formulated for the long term. To a certain extent, it was a scheme proposed by Chief Executive LEUNG Chun-ying at the time when he was a candidate running for the office of Chief Executive. Whether the scheme can be operated on a long-term basis is indeed questionable. The Secretary once mentioned that with the rising dependency ratio, it would be difficult to alleviate the financial pressure in the future. He is

now using this argument to force us to shelve the proposal of withdrawing the means test.

Come to think about this. How do we plan to look after the elderly of Hong Kong? Does it mean that since they have \$186,000 in their account, they have to scrimp and save every day? Or do we wish that they will lead a comfortable life in their twilight years?

We feel very much concerned that the next-term Chief Executive will propose yet another new scheme to entice the people of Hong Kong. We prefer to have a universal retirement protection scheme on a long-term basis rather than adopting some new schemes or welfare schemes that cannot be operated on a long-term basis whenever there is a Chief Executive election.

The Secretary has mentioned in his speech that since the future dependency ratio is too high, it is unaffordable to the community; and that it is impossible to foot the bill. Regarding this issue, the FTU wishes to tell everyone that even if a means test is in place under the scheme, in the face of a future with a very high dependency ratio, it is still impossible to settle or foot the bill. Since this is the case, why do we not plan early for a feasible option which can be effectively implemented on a long-term basis, so that our elderly will be able to live in a more dignified manner?

You may ask whether the withdrawal of the means test will give rise to a situation where the allowance is given indiscriminately and abused by people who are wealthy. I can tell you that in the community I serve, many elderly persons do not have a sense of security; thus, they actively maintain a certain figure in their account, an amount which may exceed \$186,000. Nevertheless, they are not living in affluence. They have to scrimp and save every day. They may have to rely on collecting cardboards or doing other jobs to ensure that their assets will not drop to a lower level. To a number of traditional elderly persons, this sum of money is meant to be their "funeral expenses". Surely it does not mean that they have to spend every cent of it in order to be a recipient of the OALA? Such an idea stems from a complete lack of understanding of the mindset of the elderly.

Just now some colleagues have mentioned that many housewives are without a job now. They are not covered by the Mandatory Provident Fund

(MPF). So who is going to provide protection and support for their retirement life in the future? This is a subject of great concern to us. Moreover, we had proposed to put in place a central provident fund in the past. But eventually it was decided to implement the MPF System. A "fat golden egg" was thus handed over to the intermediaries. But what benefits do we, as wage earners and contributors, enjoy?

I have once proposed that the fees charged by the intermediaries be pegged to the returns made by them. That is, the intermediaries will be able to charge their fees if they are able to earn money for the wage earners. If they incur losses, how can they still charge management fees?

I would like to talk about another point. Existing depositors of general deposit accounts are entitled to access of internet banking services without paying additional fees or administration charges. However, after charging us substantial amounts of management fees, the intermediaries of MPF schemes are still unable to provide the relevant services for us. Neither are the contributors free to deploy their investments. Is this reasonable at all?

Finally, I would like to mention that universal retirement protection has already been portrayed as a kind of populism or welfarism. However, we hope very much to strike home a message, and that is, this idea has been put forward by us actually because we are more concerned about the future retirement life of the elderly. We hope that the Secretary will be able to respond to the public aspiration for universal retirement protection as soon as possible.

Thank you, President.

MR PAUL TSE (in Cantonese): President, a number of colleagues have given detailed speeches on the problems we are facing now, the relevant figures, statistics and projections. I only wish to raise several observations and make some brief reflections.

First, it concerns the principle of keeping expenditure within the limits of revenue. No matter whether it is the universal retirement protection system that has attracted much discussion in society now or the Old Age Living Allowance that needs urgent examination at the moment, we are all worried that if welfare

benefit is excessive — of course, we hope that we can do more — can we afford it financially? And, can we cope 20 or 30 years later? Will the appalling situation in European countries such as Greece and Italy happen here?

In this regard, I think some reflections are in order. Despite the fact that Article 107 of the Basic Law has set a framework to restrict the Special Administrative Region to following the principle of keeping expenditure within the limits of revenue in drawing up its budget and striving to achieve a fiscal balance, the current fiscal surplus of Hong Kong does make others envy on the one hand, but give the impression that the Government is not actively doing what it should do on the other. The reason is that any government that focuses on the well-being of its people and cares for the progress of society will not just put its money in the bank like some wealthy merchants do. Of course, this is the habit of the Chinese. Whether it is good or bad depends on how you see it. However, many people only act as agents and never put money to the optimum use, let alone using money for welfare purposes. They are entirely different from those wealthy merchants of foreign countries.

The Government should not look at the people from top down. Instead, it should understand that the money comes from the "public purse". Having amassed an enormous fiscal surplus, the Hong Kong Government should feel ashamed because this is evidence of its over-conservatism or "gutlessness", and its lack of courage to do some things it should do at the moment or introduce some timely measures. The Government is now talking about difficulties that would possibly emerge in 20 or 30 years' time. This is really too conservative. I believe it is unacceptable in many advanced societies.

To put it simply, I classify the financial position of the Government into three types of situation. First, the Government amasses an enormous fiscal reserve. Second, the Government maintains a just adequate fiscal reserve where taking out loans may even be necessary but it can afford repayment. In the long run, Article 107 of the Basic Law will not be violated. This is an acceptable situation. Third, it is what worries us most now, meaning the Government "splashing out on everything", leading to the crisis of collapse faced by certain European countries now.

It is most unlikely that the third situation will arise in Hong Kong. A government that really aims at accomplishments and cares for the livelihood of

people will call it a halt at the second situation. However, Hong Kong is now remaining at the first situation. The Government is really too conservative and too mean, failing to respond to the difficulties faced by the people now. As a middle-class professional, I understand the troubles caused by such a predicament at present. Should the Government not relax itself a bit to give some rational thoughts about whether its present approach is over-conservative?

It is pointed out in a book that the British London Government made some predictions based on the usage and demand of carriages in the 18th Century, leading to the worries that the whole London would be covered by horse manure anytime soon and that the demand for carriages and the growth of population would not be coped. Of course, such worries were totally ridiculous because carriages were replaced by cars invented shortly. In fact, we can usually only predict situations that may possibly happen in 20 or 30 years' time. We can only make predictions at the most.

Our prediction is that when people reach the age of 60 or 65, they will retire and no longer yield productivity. In fact, so long as we try to think out of the box, we will find that people aged 60 or 65 are actually "at their prime", especially in high value-added and high-net-worth professions, and even in professions relying on creativity, as well as experience and wisdom. I believe that as in the case of the President, even when he reaches the age of 70, he will still be a competent president. He may even consider running for the Chief Executive office, not needing to worry about not running for it for "N terms". As the Chinese saying goes, "The older the wiser.". Another example is the judges. In my view, the current retirement age of 65 practically does not match the health level of modern people and meet the need of social advancement.

Many people, particularly those in the disciplined forces, have been forced to retire. Of course, some of them have involved themselves in public service affairs, but more of them have returned to "the sea" and colluded with the business sector, developing countless interrelated ties. This is not something people would like to see. In a nutshell, in my view, we can try to think out of the box in this regard.

Another viewpoint I wish to raise concerns the vetting mechanism. I have always stressed that whenever laws and rules are involved, consideration must be given to the feasibility of law enforcement and the expenses incurred. In this

case, it is required under the declaration mechanism that the elderly make the declaration by themselves and the authorities will then conduct random checks. Admittedly, this is a middle-of-the-road approach. However, an average of 17 prosecution cases a year in the past shows that law enforcement incurs certain expenses.

As far as I understand it, many elderly people are worried that the case of former Secretary MAK Chai-kwong will repeat, meaning the apparent relaxed declaration mechanism at present and the apparently acceptable arrangements under current circumstances in society will be found to be a breach of law some time later, resulting in the demand for repayment in arrears. This will create a lot of troubles, making many misled innocent elderly people being caught by the law inadvertently.

In this connection, I think, if possible, active consideration should again be given to the declaration mechanism for elderly people aged 70 or above. Even if the rules of declaration are kept simple, a lot of troubles will be involved. I hope that the Government will reconsider it again.

Thank you, President.

MR SIN CHUNG-KAI (in Cantonese): President, the subject of universal retirement protection has been under discussion for decades. Some trade unions have even claimed that they raised this subject as early as in the 1970s and 1980s. The incumbent Convener of the Executive Council, LAM Woon-kwong, proposed in 1993 or 1994 a retirement protection scheme taking the "pay-as-you-go" approach. However, the fact is that the days have been idled away. Two decades on, we are now still debating the same subject here today. Of course, this Council has had repeated debates this subject over the years.

After the debate in 1993 or 1994, the Government, of course, decided not to go ahead with the "pay-as-you-go" scheme and planned instead to introduce the Mandatory Provident Fund (MPF) scheme in 1995. Back then, a lot of voices in society proposed the introduction of a central provident fund by the Government. However, the Government lacked both commitment and determination. In the end, the MPF scheme was implemented. Members said many times earlier that MPF schemes had suffered heavy losses, with almost half

of the funds in the red, resulting in people's contributions only going into the pockets of intermediaries and fund managers.

President, regarding retirement protection schemes, very detailed analyses can be found at the website of the World Bank, where a myriad of systems in the world are presented. It is not difficult for us to find a suitable scheme for Hong Kong. There is nothing new under the sun. But why can we not come up with something after two decades of discussion? In the final analysis, in my view, it is a matter of determination.

Chief Executive LEUNG Chun-ying's pet subject is to compare Hong Kong with Singapore. He is right. The GDP of Singapore years ago was always lower than that of Hong Kong. Of course, the country also has a smaller population of over 5 million, just around 70% or 80% of that of Hong Kong. However, the GDP of Singapore today is higher than that of Hong Kong. To put it simply, the GDP per capita of Singapore is much higher than that of Hong Kong.

There is one big difference between the Hong Kong and Singaporean Governments. I am not sure whether it is because of the Civil Service. The Hong Kong Government shies away from problems about to emerge in future. So, it stalls on implementing pertinent measures. LEUNG Chun-ying pledged during the election that people aged 70 or above would not need to go through any asset test upon application for the "special fruit grant" of \$2,200. People immediately matched themselves with the proposal. After the Chief Executive Election, civil servants or accountability officials offered explanations for him, saying it was not a good idea. So, the proposal was snipped off a corner with the requirement of an asset test.

Why did I mention Singapore? When the Singaporean Government faces problems about to be encountered in future, it will do a lot of work today. The Hong Kong Government worries that the "bubble will burst" in future if an asset test is not put in place. So, the proposal is snipped off a corner in order to lower the chance of seeing "a burst bubble" in future. However, when the Singaporean Government predicts problems arising in future, it will speedily get itself prepared today, so as to make this umbrella of retirement pension bullet-proof. This umbrella of ours is hole-ridden today. Not only MPF schemes have suffered heavy losses, over half of our population — around three quarters of our

workforce are making MPF contributions while some are subscribed to occupational retirement schemes — over half of our population are not working.

Miss Alice MAK and colleagues in the FTU have raised earlier the question of how housewives or homemakers will cope after retirement. This is a problem impossible to solve. This problem, when impossible to be solved, will only further intensify. Today, if we fail to optimize the MPF scheme and idle the days away, the dependency ratio will inevitably see a rise 10 years later. If we start making savings earlier, the burden of elderly support will be made lighter in the future.

President, today's question is very simple. Only two core issues are involved and they are closely linked. If the Government is determined to introduce a universal retirement protection scheme, it may as well abolish the asset test for the application for \$2,200. This is a specific and simple approach. If the Government introduces a retirement protection scheme in around five or seven years' time, the current Old Age Living Allowance of \$2,200 will definitely be replaced by the scheme then. If the Government is determined to introduce universal retirement protection, the abolition of the asset test will only incur an additional expenditure of less than \$40 billion in the next five to seven years. If the Government is determined to introduce universal retirement protection, the present fiscal reserve and surplus of the Government will certainly be able to cope. However, the Government has shouted itself hoarse to say no, claiming that we may face a very big problem in future once the asset test is abolished and so the test has to be in place. By the same logic, the Government has already expressed its lack of determination to introduce universal retirement protection.

Faced with an elderly population of over 2.5 million in 2041, accounting for 30% of our total population, how can we solve this problem? The Government has yet to propose any relevant solution. The Government has proposed an asset test for the application for \$2,200. But, a big bomb is still hidden. By 2041, we may all retire. The President will also retire. After our retirement, how will our community support the retirement life of these elderly people then? How will these elderly people cope then? Should they knock on Matthew CHEUNG's door, asking him why he did not draw up some strategies or build up some safety reserves in preparation for the situation faced by the elderly in Hong Kong in 2041?

President, today's question is very simple, and that is, we urge the Government to introduce a universal retirement protection scheme. This scheme must be sustainable to enable the Hong Kong Government or society to afford to pay even when faced with an elderly population accounting for as high as 30% of our total population. In the absence of other schemes, even if an asset test were put in place for the present \$2,200 scheme of the Government, it would be difficult to guarantee the viability of the scheme in 2041.

With these words, President, I support the abolition of the asset test for the Old Age Living Allowance of \$2,200.

MR WU CHI-WAI (in Cantonese): President, as mentioned by Mr SIN Chung-kai just now, the subject of universal retirement protection has been discussed for years. Members have talked about this subject in this Council for 10 to 20 years. Whenever the principle of universal retirement protection is brought up, everyone gives it unanimous support. After all, this is a problem resulting from an ageing population, and we have the responsibility to protect the livelihood of people in their twilight years. As to the questions of how protection is provided and how this system can be made sustainable to cope with long-term needs, actually, not many details are given.

This idea of Old Age Living Allowance (OALA) proposed by the Government this time can actually provide a good opportunity for the promotion of social discussion on universal retirement protection. However, the Government has bewilderingly focused the OALA only on the elderly in need. Other than the existing "fruit grant" scheme, elderly people aged 70 or above are required to undergo an asset test for the application for the OALA. The authorities have claimed that without an asset test, this scheme will collapse or run into the red in the long run. In fact, such remarks imply that if we do not have the determination to introduce universal retirement protection, the existing system will not be able to cope with the long-term needs.

Actually, Members in the pan-democratic camp and the Democratic Party all hope that elderly people aged 70 or above are not required to undergo an asset test for the OALA. This is consistent with the existing "fruit grant" arrangement. Also, it is a measure the Government can afford in the short run — at least in the short run — with its current financial capacity. Let us give this

some thought. Over the past five years, the Government has "handed out cash" to people indiscriminately, using the fine excuse of sharing wealth and the economic fruit with members of the public. And yet, after the "cash handout", the authorities have claimed that there are not enough resources to set up a sustainable universal retirement protection scheme. Such remarks are totally ridiculous. The commitment of resources to short-term measures and the dismissal of long-term difficulties only show the short-sightedness of the SAR Government. I have heard some honest words in the district. Although people fully understand that their preferred measure is not going to work in the long run, they hold the attitude of "causing the least trouble the better". In their view, rather than putting in place an asset test, the Government should let all the elderly enjoy the benefit. And, even if the authorities can make some savings, the money may be squandered unwittingly on some "white elephant" facilities or other short-term measures.

Since a consensus on the introduction of universal retirement protection has been reached in the community, what we lack now is only details of the scheme. In fact, the SAR Government should have drummed up the resolve. Where can this determination be demonstrated? It is exactly the OALA proposal this time. The Government can consider concluding the overall planning of universal retirement protection in five years' time and introduce a sunset clause to require this scheme — that is, the arrangement of no asset test for elderly people aged 70 or above under discussion now — to migrate to a universal retirement protection scheme in five years' time. Otherwise, it will lapse because of the sunset clause. Such an approach can not only ease the conflicts in the whole society, but also oblige the Government to forge a consensus on the scheme in five years' time.

Universal retirement protection schemes have run into troubles in many countries, such as Greece and some western economies, which have been much discussed by Members, where they have been running in the red. But are these problems impossible to solve? Since problems have already emerged, in order to look for solutions, the authorities should subject these issues to discussion as early as possible, and identify solutions focused on some problematic areas such as the contribution rate, dependency ratio and retirement age. A universal retirement protection scheme should cover early projections based on demographic changes, and also possible risks and problems, so that during the discussion, we will clearly understand how sustainable resources can be funneled to the scheme, and how to use and bring in steady resources.

However, a number of colleagues have always said that this issue is complicated with far-reaching implications, that the scheme is unable to deal with an ageing population, that our resources are unable to cope and that tax increases are likely in the future. Any discussion on introducing universal retirement protection cannot objectively evade the entire tax regime. Tax revenues from wage earners are the resources for long-term retirement protection, which should inevitably be placed on the agenda.

I would rather have these issues placed clearly on the agenda for the universal retirement protection scheme than have the Government, or the pro-establishment camp, or those opponents of universal retirement protection use this as an excuse to hinder the introduction of a universal retirement protection scheme — specific arrangements that provide the elderly or ourselves in our retirement years with continuous proper protection — to enter the stage of substantive discussion.

Therefore, I support Dr Fernando CHEUNG's original motion. I also hope that the Government will, by way of this transitional arrangement of OALA, bring an opportunity for this Council to discuss universal retirement protection. Thank you, President.

MR FRANKIE YICK (in Cantonese): President, the Liberal Party has all along strongly supported the ideas of "providing the elderly with security" and "providing the elderly with means of living". If there is a universal retirement protection scheme that can enable the elderly to enjoy retirement life free from worries without imposing an extra burden to our next generation, the scheme should be worth support. However, regrettably, such an ideal scheme is yet to be seen in the whole world so far.

According to the Melbourne Mercer Global Pension Index released in 2011, at present, there is practically no country that can achieve the highest ranking of grade A. A study finds that the pension system of many countries in the world has been under immense pressure. Even some most advanced pension systems have only survived by continuous reforms. It is particularly pointed out in that study that governments of different countries need to "encourage or require an increase in the level of personal savings". We can thus see that the authoritative organization also considers that pension schemes should not solely rely on mandatory contributions by governments and enterprises, leading people

to think that once the scheme is put in place, it will turn into a panacea for the problem of retirement protection of the people.

In fact, there is an intricate relationship between the European debt crisis and the heavy burden caused by universal retirement protection schemes. It was pointed out in a report published by the British insurance company, Aviva, in September 2010 that the pension gap of Europe amounted to €1,900 billion, equivalent to one fifth of the yearly total value of economic output of all the European Union countries. The pension gap of the United Kingdom was €379 billion, representing 26% of the country's GDP, which was the highest among the European Union countries. Germany and Spain followed closely, with a pension gap representing 24% and 18% of their GDP respectively.

It is also predicted in a study of the United States that the social security fund of the United States will only support full social security benefits in the next 20 years. After that, it will only guarantee to pay 75% of the pension insurance amount.

In the four countries particularly recommended in the original motion for our reference, problems have been found in their universal retirement protection systems one way or another. For example, in a report published by the Council of Labour Affairs of the Executive Yuan of Taiwan earlier, it is stated that the Labour Insurance Fund, to which around 10 million employees in the whole of Taiwan are making contributions monthly, will face a bankruptcy crisis 15 years later. In other words, a 50-year-old employee who has made contributions for years thinks that he can expect a decent retirement life. But it is likely that after 15 years, the Fund will "dry up" without any money at all. We must bear in mind that the highest income tax rate in Taiwan is 40%. Even the retirement fund there is in straitened circumstances, not to mention the situation in Hong Kong.

As to Greece and France, two countries mentioned in Mr TAM Yiu-chung's amendment, they have had to extend the retirement age in recent years to ease the financial burden on their pension schemes. For example, the net loss of the pension scheme in France amounts to HK\$441.9 billion each year, requiring the Government to pay a huge annual cash subsidy equivalent to 12% of the country's GDP. The finance of Greece has also been dragged into collapse by its huge pension expenses. It is one of the major reasons attributable to the European debt crisis. Therefore, these two cases mentioned by Mr TAM yesterday can be said to be negative examples of universal retirement protection.

They have enabled the community to gain some understanding of the advantages and disadvantages of universal retirement protection in a more objective and comprehensive manner.

In fact, the well-known Prof Nelson CHOW also thinks that it is not quite feasible to implement a tripartite-contribution universal retirement protection system as proposed in the community. Instead, he proposes a "three-tier retirement protection system" based on the premise that "people need not over-rely on the Government and the Government will not be dragged down by the long-term financial burden; the spirit of self-reliance can be maintained and people will work hard to save and make contributions to the Mandatory Provident Fund for their twilight years; the traditional virtue of filial piety can be preserved and children can support the means of living of their parents in different ways." I think such an approach can avoid the disadvantage of "indiscriminate cash-handout" and direct more resources to helping the elderly in need, which coincides with the idea of the Liberal Party. Therefore, we agree to Mr Michael TIEN's amendment which suggests referring to Prof CHOW's proposal as the basis of discussion.

However, there are still some minor inadequacies in Prof CHOW's proposal. One of them is the oversight of the need of the so-called sandwich-class elderly. It is because many elderly people, though not extremely wealthy, have some savings after all. In particular, since the introduction of the Mandatory Provident Fund scheme in the end of 2000, many people have so far accumulated a saving of around \$144,000 for the principal alone. If the line is drawn at an asset of \$160,000 as proposed by Prof CHOW, elderly people will not be benefited once they own \$10,000 to \$20,000 assets in excess of the limit. As a result, even though they are over 70, they can only live on the "fruit grant" of some \$1,000, their own meagre savings and their children's "pocket money" for them. This is far from providing the elderly with security, which is a great pity indeed.

Therefore, the Liberal Party proposes to raise the asset ceiling of the OALA to \$500,000 to allow more sandwich-class elderly people to be benefited, so that they can really enjoy life in their twilight years and the community will not be heavily burdened at the same time.

Thank you, President.

MR RONNY TONG (in Cantonese): President, I believe in every society, "providing the elderly with means of living" is an ideal worth pursuing. It should even be seen as a core value of society. Nobody would wish to see that people approaching retirement age in the community still need to work without rest and worry about their livelihood.

President, in this era of population ageing, it is necessary for every country and place to consider ways to cope with post-retirement issues of the elderly. Therefore, this is not only a long-term problem, but one society must face. The Government has always stressed that we have three major pillars. However, I believe such a claim does not hold water today. And, the Government has to admit that the so-called three major pillars are totally inadequate to deal with the elderly problem today, not to mention the ageing population problem tomorrow or 10 years later.

In fact, it is very simple. If elderly people need to rely on their own savings, President "buddy", they must have some wages left before they can save. If they are unable to make ends meet and pay for their everyday needs, how can they make any savings? Everybody knows that the same reasoning actually applies to the Mandatory Provident Fund (MPF). The more wages one earns, the bigger the chance his MPF be accumulated to a disposable amount. With the MPF returns and management fees in the present zero-competition environment, I believe the majority of wage earners will actually have nothing at all in the end.

As to Comprehensive Social Security Assistance, the Government has not allowed the elderly to make applications on an individual basis throughout. Regarding the so-called "bad son statement", President, I have talked about it in the Legislative Council for eight years since I became a Member. The Government not only has refused to face it, Secretary Matthew CHEUNG has even argued that there is actually no such thing as a "bad son statement" in Hong Kong nor any application form with the three words "bad son statement" in it. This is really fooling himself as well as others. Today, LEUNG Chun-ying has said that the proposal of raising the "fruit grant" to \$2,200 aims to help elderly people most in need, so an asset test is required. However, the Government has also admitted that even on the basis of this proposal of LEUNG Chun-ying's, the projected rolling amount will be over \$30 billion by 2030, that is, the annual recurrent expenditure will be as much as over \$30 billion. President, this means the problem actually remains unresolved. Instead, it is just being swept under

the carpet for the time being, so that we do not have to face it now. President, is this an attitude that should be adopted by a responsible government?

President, this Government has often branded the democratic camp as the opposition camp, which opposes each and every government policy and never offers constructive proposals. President, universal retirement protection is a constructive proposal, a long-term proposal. Why does the Government refuse even to listen to it? President, another strange thing is that, as we notice its mention in today's motion, the Central Policy Unit (CPU) has studied this issue for years but given no account on it so far. President, I have an assumption, and that is, the CPU has come to the conclusion that this proposal of ours is a right approach, but it will not openly admit it due to political reasons. How can the Government accept a proposal supported by the democratic camp? What impropriety! How can the Government give an account to the "Western District"? Political reasons are the only cause.

President, is this assumption of mine just a fantasy? Actually, it bears some sense of logic. If the CPU, after years of studies and collection of heaps of figures, has found this proposal groundless and untenable, with the Government's attitude, why has it not released those figures for public discussion, so as to allow our actuaries and academics to sit down and openly discuss and debate with their actuaries and academics and leave the decision to the people? Is this not the best way? Why has the Government holed up in the Government Headquarters? No matter how we make requests, threats or demands; no matter how big or small our voices are, it has refused to make public its study results and give us an account. President, why has the Government holed up so tightly? Therefore, I consider this assumption of mine absolutely correct. And if this assumption is correct, it means the Government has refused to face a serious social issue that we must tackle just because of political reasons.

Many Members have pointed out in their speeches earlier that many countries have gone bankrupt because of this reason. However, have they noticed that each of these countries has its own uniqueness? One of the biggest problems they usually face is that their retirement protection payment is often calculated on the basis of the last-month salary of workers, or an amount that extremely satisfies its social needs. In either case, the sum is huge. President, the amount we propose now is \$3,000 monthly, which is most moderate and reasonable. And, it is supported by the figures provided by actuaries. If some

people think that these figures are inaccurate, we can engage in honest and open discussion. What is the point of rejecting these figures by some specious arguments?

President, we only hope that a consensus can be reached in the community. We are well aware that if this proposal cannot be taken forward in these five years, it will never see another chance again. I hope that the SAR Government will give up holding up and putting forward only patchy remedies. Instead, it should squarely face the need of long-term planning.

Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, the Liberal Party's speeches earlier immediately reminded me of the French Revolution and the last words Madame Roland uttered before her execution at the guillotine. She said, "O Liberty! What crimes are committed in thy name!" Many people said freedom is in fact a kind of sin, a moral sin.

President, 1:99. It is not the bleach to water ratio recommended for cleaning solution during the outbreak of SARS. I am saying that the 1% of the population are much wealthier than 99% of the rest. This is a universally accepted fact.

The trend mentioned by the one arguing in defence of the Liberal Party has in fact gradually disappeared during the past 20 years. However, the situation is still not right. Let me tell you why some of the European governments have ended up bankrupt. That is because some national banks have changed themselves into iBanks (investment banks). The whole country of Iceland went bust not because of too excellent social benefits. It collapsed simply because the politicians had turned the national banks into investment banks using the country's money on investments. They lost the whole country not because of too excellent social benefits. The Liberal Party should stop talking rubbish. They should go home and sleep.

The United States has to engage in three rounds of quantitative easing, making our economy hover between live and dead. Have the social benefits of the Americans been too excellent? As a matter of fact, their social benefits began to gradually shrink since the beginning of the Reagan Era because Ronald

REAGAN had completely cut Lyndon JOHNSON's "Great Society" programme. You should continually strive for more knowledge.

My first intention was to scold LEUNG Chun-ying, but I could not hold myself after hearing the speech just now. Let me reiterate, "1:99" is like what the Liberal Party said, the result of the Government's cancellation of all social benefits and the using of the national bank's money as bets during the past two decades.

Since the beginning of the Margaret THATCHER Era, the British Government has cut all social benefits. But why does the United Kingdom still end up in such a miserable shape? It is all because of betting. You really owe it to yourselves to say that. All money saved from cutting social benefits has been used for betting. The same theory applies to the Mandatory Provident Fund (MPF). The savings of wage earners were taken away and used as bets. Do you think the problem faced by the MPF has arisen from employees taking too much money? No, it is simply because the fund trustees have been too aggressive in betting.

Let us come back to the question. President, please take a look at this picture. Did you vote for him? Take a look at this badge with Chinese characters "With One Heart" written on it. He is LEUNG Chun-ying. Take a further look at him. "Stealing, cheating, deceiving and lying"; "advancing straw arguments"; "cheating the elderly"; "abducting this Council" and "winning public mandate by crook" is what he is. And he dared putting the badge "With One Heart" on his chest. Have you ever worn this badge? This is our Council today. LEUNG Chun-ying does not honour his promises and you people even think rotten oranges are quite all right.

In a blink of an eye, we have already discussed it for 20 years. Jasper TSANG! During the Chris PATTEN Era, the "Pay As You Earn" old age pension had been raised but somebody said it would not work. You did not join this Council yet. CHEN Zuoer said that it would lead to a deadly car crash. Has anyone been killed or any car crashed? The wealthy people are even wealthier than before. President, middle-aged people 20 years ago are now old persons; some of them even have to scavenge cardboards to make a few more dimes. What are you talking about? Why are you still putting forward such a lame argument?

President, it is very simple. Our position is very simple. The Government should fish out \$50 billion for this purpose. In fact, the Government has already allocated a similar amount of money as seed money for the mandatory health care fund, only that the money has been shelved and will soon become an ice. This \$50 billion can be used to reform the MPF, half of which can be injected into the MPF so that each contributor will get \$3,000. It is as simple as that.

Nelson CHOW said that the system would collapse. Has he taken a wrong prescription? How come it will collapse as the fund involved is so small? Mr Ronny TONG has explained it earlier. In fact, if Legislative Council Members are entitled to pensions in future, the system will collapse. Will Members get only \$3,000 monthly? Certainly not. The sum will be a multiple of our remunerations. It is not feasible because it is untenable academically. These people are simply saying something that they do not understand. Unlike the civil servants and Bureau Directors, when we retire unlike MAK Chai-kwong even though he is in trouble, his will not face any problem in his retirement life as the worst-case scenario for him is to serve time in prison only. For those Bureau Directors, they are now earning a monthly salary of more than \$200,000.

We only propose that everyone receives \$3,000 across the board. How come it will lead to the collapse of the system? It is only a fixed amount of money. Let me reiterate once again that the later the implementation of the system by LEUNG Chun-ying, the more unaffordable it will become. We are all aware of that.

He said today that if it is non-means tested, the Government cannot afford even \$2,200. He further insisted that a handout of \$3,000 to each elder is definitely impracticable because even \$2,200 is not affordable. What are you discussing about? We have been discussing it for two decades. But the FTU still said that we had better eat the rotten orange first. But now, this orange stinks.

This paper-made watch on my hand was used to hurl at Donald TSANG, who has stepped down. We can make it turn from 2012 to 2036. We can also make it start turning from 2000, the year in which the MPF System started operation. It is a cycle now. If it was the Year of the Rabbit, this year is also

the Year of the Rabbit. If reform is necessary, it should be carried out in one go. Why are you dragging your feet?

Honourable colleagues, are you not all learned people? Should there not be a complete reform? Instead of answering the question, LEUNG Chun-ying prefers to continue to "steal, cheat, deceive and lie". Why did I say that he was "advancing straw arguments"? People asked him for universal retirement protection and he referred to the "special fruit grant". He went on to say that it was aimed at the poor elderly. He made a sudden change on three occasions. He is certainly cheating and deceiving the elderly. Sitting on a folding stool with a pen in his hand, he said nothing could be done in the end. He is now going to visit various districts. Let us find out whether the elderly will "encircle and annihilate" him.

Abducting this Council, you are really being abducted. Most of us are being abducted. The Government is like an abductor, inveigling you back home in order to raise you up to become a dwarf. Winning public mandate by crook, LEUNG Chun-ying said here that he would keep his words on his political platform. What does his fulfilment of political platform have to do with me? I did not vote for him.

One more point for Mr James TIEN of the Liberal Party. Do you have the courage to utter the words you said today during the election campaign? If you do, I wonder whether you can come back to this Council. I guess you may be sitting outside. So, this watch is for him. If he does not want it, he can throw it away. And this one, which is for John TSANG, can be thrown away too. This one, which is for LEUNG Chun-ying, should be thrown away a little bit farther.

President, is this Council still being reasonable? Can you talk nonsense about the elderly? Liberty (*The buzzer sounded*)

PRESIDENT (in Cantonese): Mr LEUNG, please pick up those things that you have thrown into the floor during your speech.

MR LEUNG KWOK-HUNG (in Cantonese): You need not tell me to do so. I will certainly pick them up. I will not cause trouble to my colleagues.

MR JAMES TIEN (in Cantonese): President, this place has certainly become much livelier since Mr "Long Hair" joined the Legislative Council. I am now going to read out a speech on behalf of the Liberal Party. Mr "Long Hair", please do not leave. Since I have sat through your whole speech, you should also sit tight and listen to mine. Sorry, President. In fact we had touched upon this issue during our election campaign and stated the position of the Liberal Party. There is no doubt that those who voted for me might not have voted for you, and the reverse is also true.

I believe that over the years, with regard to the issue of universal retirement protection for the elderly of Hong Kong, especially in the light of our overall economic and social achievements or people's livelihood, no one will disagree that the elderly are entitled to our respect or that they should enjoy a good life in their twilight years. The Liberal Party, the business community and everyone have agreed to this. As such, how should we deal with this issue given the unanimous agreement?

While LEONG Che-hung could be considered as a veteran, I am still his senior. Christopher PATTEN started to work on this issue as early as 1994, and back then, the views of us in the Legislative Council were not much different from that of today, and that was, the older generation should be dependent on the 1990s generation. Today, this issue has been brought up again and the current version is still quite similar to that of the past. Members may have noticed that young people born in the 1980s have already got a lot of complaints. They feel that their future are uncertain, at a loss as to how to scrap a living in Hong Kong. Is it fair to ask them to contribute another half of their contribution to support the elderly who are now in their 70s or 80s after making contributions to the Mandatory Provident Fund? These people are now in their 30s or 40s, who have difficulties even in taking care of themselves, so how can we ask them to support the elderly who are in their 70s or 80s? And, in 30 years' time, when these people reach the age of 70s or 80s, they will have to rely on — LEONG Che-hung is younger than me — and that is, my children's generation will have to rely on my grandchildren's generation for support. For me, I do not wish to see Hong Kong coming to that pass.

As such, how should we deal with this issue? I think that employers or employees, members of the pan-democratic camp, the Labour Party and the FTU alike in fact, many friends in the business community also said, the greatest

difference between now and the past 10 or more is that the amount of Government reserves and the Exchange Fund reserves have been on the increase Mr "Long Hair", I think that we should work together to explore ways on asking the Government to cease its practice of "saving for a rainy day and making hay while the sun shines" and saving more and more money on a continuous basis. According to the Government's usual argument, it has only got a reserve of \$600 billion to \$700 billion, but this is incorrect. The fact is it has got a reserve of \$600 billion to \$700 billion in its left pocket and a total of more than \$2,500 billion in the Exchange Fund in its right pocket. Though the Government said that the \$2,500-odd billion are not net assets and includes liabilities, the actual amount is subject to its own claim. The Hong Kong Monetary Authority can actually raise this issue for discussion, telling us how much currency is in circulation and how much bonds we have bought sorry, we have only issued a few hundred billion dollars' worth of bonds at most. The several thousand billion dollars in its possession can still easily bring a 4% to 5% rate of return, even in times of today's foreign economic downturn. I am not asking you to think in terms of the 12% to 13% rate of return offered on bonds issued by real estate investment trusts in China, but only in terms of the 4% to 5% rate of return offered by foreign governments. In that case, the Government can still easily make an annual income of several tens of billion dollars, and it can make good use of that income by allocating a certain percentage of it in accordance with the proposal of the Legislative Council — back then when I was in this Council, it was proposed that 25% of the income should be allocated to this purpose, but I do not know how much is the current proposed amount — I think we should work together on asking the Government to allocate the whole sum to such purpose. As the figure of annual income can easily amount to \$40 billion to \$50 billion, then when applied to the expenditure on Old Age Allowance, that is, what the Government called the whatsoever special allowance, currently under discussion, if there are really 500 000 to 600 000 elderly people and if each person is given \$3,000, then it will not be difficult to work out that 500 000 to 600 000 people times \$3,000 and then times 12 will be equal to \$20-odd billion. If that sum of money can meet this expenditure, then why do we not work together on asking the Government to use the tax revenue collected over the years — the tax revenue has come not only from the business community, but also from all professionals — use the tax revenue from all taxpayers on the development of Hong Kong, for I think that given the existing financial capacity of the Government, it should, after deducting the \$200-odd billion recurrent annual income the \$200-odd billion recurrent

expenditure, use this sum of money from the extra income for such purpose. As we attach great importance to the education of our younger generation, the money can be spent on this area in the future; and since the existing generation will become the elderly who need help in the future, we think it is necessary to do so.

Universal retirement protection has another drawback, in that everyone is entitled to it. I do not wish to cite other people as an example, but I just want to use myself as the example. As I am over 65 old years old, it means that I am also eligible, but I do not think that it is appropriate. By establishing a means test mechanism, no matter whether the asset limit is set at \$188,000, or as proposed by the DAB at \$300,000, or as proposed by the Liberal Party at \$500,000, at least it will lay down a standard, and on the basis of the above calculations, the Government will not need to spend \$20-odd billion per year. Under such circumstances, we think that this plan could be sustained. That is to say, even if our ageing population continues to grow in the new few years, and there are more elderly people aged 65, 70 or above, and if each person is given \$3,000 monthly, that is, \$36,000 a year, I do not think that the relevant figure — even if we find an expert who is skilled at calculations to make the calculations — can prove that the plan will not be sustainable in Hong Kong for the next 10 or 20 years, when our ageing population reaches 100 000 in future.

Apart from the reason mentioned by "Long Hair", Mr LEUNG Kwok-hung, some countries have gone bankrupt for various reasons. Those countries have actually spent a lot of money on national defence, foreign affairs and war, while there is no need for Hong Kong to do so. Hong Kong is definitely a blessed land with no earthquakes and floods, and we do not have to spend money on the related infrastructure. As such, though the Government has an enormous reserve, it is still threatening us every day, as in the story of "The Boy Crying Wolf", by saying such things to the representatives of the grassroots on the one hand, and threatening the business community on the other, that if we dare to support the plan, then it will increase taxes. I think that the Government can actually afford to take care of the education of the next generation and the existing elderly generation who have contributed a lot to Hong Kong, without imposing tax increases.

Based on my above explanation sorry, I have not finished reading out the whole speech. With the exception of the amendment moved by my brother,

Mr Michael TIEN, we oppose the original motion and most of the amendments. *(The buzzer sounded)* Thank you.

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, what is your point?

MR LEUNG KWOK-HUNG (in Cantonese): I would like to seek Mr James TIEN's clarification.

PRESIDENT (in Cantonese): Mr LEUNG, your speaking time is up, please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): I would like to ask him whether he has mentioned me in certain parts of his speech. I would like to ask whether Henry TANG has asked him to make a campaign speech here. He should have done so right from the outset.

PRESIDENT (in Cantonese): Mr LEUNG, please observe the Rules of Procedure. One of the placards which you have placed on the table is very large and causes obstruction to the Member beside you. Please put it down.

MR ALBERT CHAN (in Cantonese): President, I have been a colleague of Mr James TIEN for many years and, today he finally talked like a human.

How can we find a way out and solution for the issue of universal retirement protection? One of the ideas is to explore ways on how to make use of the Government's existing surplus and reserve. This proposal was actually submitted to the Government many years ago, but the Government has never mentioned it. When the Government gives "cash handouts" and rate and tax rebates whenever it has a surplus each year, we have always insisted that tax and

rate rebates should not be given, and the money should instead be invested into a fund, such as a universal retirement protection fund so that it can grow gradually, for the implementation of universal retirement protection.

The Mandatory Provident Fund (MPF) is actually the cash withdrawal machine of financial hegemonists, while land and new town developments are the cash withdrawal machines of developers and the rich and powerful. Retirement and MPF funds are the cash withdrawal machines of financial institutions and such financial hegemonists have been collecting hundreds of millions of hard-earned money from Hong Kong wage earners each year. Last year, the MPF of many Hong Kong wage earners have suffered losses of nearly 10% (depending on the nature of funds chosen). As such, the most pressing issue at the moment is the early establishment of a universal retirement protection system.

I believe that Members, who were returned through the geographical constituencies, would have heard people criticizing the MPF and the Government, pointing out that this is a typical example of collusion between the business community and the Government, wherever they went during their recent election campaigns.

The types of government subsidies for the retired and helpless elderly people in Hong Kong are so numerous and varied that I sometimes even lost count of them. Apart from Comprehensive Social Security Assistance (CSSA), the newly implemented Old Age Living Allowance (OALA) Scheme and the MPF, there are also many other subsidies, such as Transport Subsidy, Rent Allowance, Health Care Vouchers, and so on. The sum of the various types of so-called subsidies and the administrative fees for various services in particular the administrative fees actually added up to a very huge amount will result in a fee which is higher than the amount of subsidy applied for in certain applications. As such, it is most essential that the Government should cut back on its administrative expenses and offer such funds directly to those who are in need.

What the bureaucracies do best — especially what Secretary Matthew CHEUNG Kin-chung does best — is to design ways on expanding the bureaucratic structure, increasing manpower and thereby continuing to increase the number of senior government official posts. We see that the Government

has introduced different types of subsidies over the past years which resulted in the expansion of various government departments, through the establishment of special committees, statutory bodies or NGOs, and so on, whenever it has a surplus, to allow for the Government's continuous expansion and transfer of benefits. With the pro-establishment camp and dignitaries taking up the posts of presidents, vice-presidents or chairmen of certain organizations, their District Council members can then reap benefits at the district level. This is another typical example of the transfer of political benefits. I think that the various services or subsidies — including the MPF, CSSA, OALA, Transport Subsidy and Health Care Voucher — should be consolidated as one single amount.

The payment of a similar universal retirement protection scheme of the United Kingdom amounts to £140 weekly recently, while the elderly people of both Canada and Australia receive \$1,000 monthly and those of New Zealand receive \$1,200 monthly; these amounts stated are all in local currencies, which is equivalent to HK\$7,000 to HK\$8,000 monthly. With a per capita GDP of about US\$35,000, which is higher than many other places, Hong Kong's retirement protection is in comparison the worst amongst all developed countries, and the ratio of our poor population is also the worst. As such, it could be said that this Government is unscrupulous and shameless, and it has no respect and care for our elderly at all.

"Yuk-man" has said for many years that the elderly had to wait, and when they died they still failed to be admitted to homes for the aged, still less receiving any specialist medical services. They could not receive any medical treatment when they are sick, nor are they offered any accommodation by the Government when they have nowhere to live. They have to rely on the saline drip-like \$1,000 or so CSSA payments monthly, when they do not have money for meals, and many elderly people even have to collect cardboards to earn a living.

The cold-blooded attitude of the Government towards the elderly can be said to have been fully exposed. The attitude of the current Government has slightly improved compared with that of the last, as shown in one of the aspects, and that is, its willingness to set a poverty line. Over the past 10-odd to 20 years, the Government has downright refused to set a poverty line. From the era of the Hong Kong British Government to that of TUNG Chee-hwa and Donald TSANG, the Government has refused to set a poverty line. By refusing to do so,

it has refused to accept that the problem does exist. By setting a poverty line first and resolving the problem gradually, at least an indicator can be provided and this shows that the Government is prepared to accept the reality.

I hope that Mr James TIEN can act like what he did in the 1990s the Council had formed coalitions on various occasions back then, for dealing with issues over which consensus had been reached among all political parties. The People Power definitely supports the Legislative Council in forming a coalition to demand the Government to come up with an early solution, no matter whether it is by means of taxes, surpluses or reserves, to this old problem which has stood still and remained unresolved for more than 20 years. I hope that we can find a way out and a new lease of life during this term. Thank you, President.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR WONG YUK-MAN (in Cantonese): President, according to studies conducted by many organizations, the Secretary should be aware that the problem of poverty among the elderly is actually very serious. The Labour and Welfare Bureau increased the Old Age Allowance to \$1,000 in 2008, but elderly people between the ages of 65 to 69 have to pass a means test in order to collect the \$1,000, while those aged 70 or above are not required to do so. Back then, the extremely ridiculous decision of Donald TSANG had forced me to throw a banana at him, and I have been saddled with a lifelong bad reputation for throwing articles after this incident.

Now the Government has introduced a "special old age allowance" by means of a bundling-up and hijacking approach, and the name of the allowance was later changed to "chang sheng chun" (it can be taken to mean funeral allowance in Chinese), which is really "inauspicious". Is it not true that the so-called "Old Age Living Allowance" can be abbreviated as "chang sheng chun" in Chinese? A few days ago, a 78-years-old granny who sold vegetables at the Kowloon City Market said to me: "'Yuk-man', why is it still necessary for those who are in their 70s to undergo a means test? And, it is not uncommon for an old person to put aside several hundred thousand dollars as 'funeral expenses'." According to her, her spouse also has a "funeral expenses" fund, but he would not tell her about it. In the event that they have to undergo a means test, they would

have to take out their bank passbooks and all will be revealed to the world, and this would only lead to quarrels. Moreover, they would have to transfer their assets, the cash under their names to their son's account if they want to collect the \$2,200. What should they do if their son goes astray and gambles away all their money, or misappropriates their assets in times of emergencies? Are you asking them to fall out with their son? This will only create family disputes and insult the elderly. Now that we have set the bottom line back to 70 years of age or above, why does the Government still have to play this game? Matthew CHEUNG, who is most amazing and has a high EQ, has kept muttering to himself and talked about the three major pillars repeatedly for four years, and I find this most annoying.

A social consensus has already been reached over the issue of universal retirement protection and it is an issue which has been repeated over and over again by Members of the Legislative Council at our meetings over a long period of time in the past. It seems that everyone is not afraid of "getting a bad breath" for keep talking about the issue. Hong Kong is an affluent and developed region, with a GDP per capita of more than US\$30,000. Secretary, there are only but three different kinds of social welfare system in the world, one of which is a fully publicly-funded system under which everyone is accorded the same treatment. The system adopted by the Nordic countries, Canada, Australia and New Zealand is this kind. The other kind is the system adopted by the SAR Government under which its people are categorized by means of a very mean income and asset test. Finally, there is the insurance system. There are only three systems and our Government has chosen the worst one.

What kind of benefits does our society provide for the elderly? President, I have printed a verse on the back of my name card and have often repeat it to myself. It is a quote from the *Li Yun Da Tong Section of the Record of Rites* of two thousand years ago: "When the Great Dao (perfect order) prevails, the world is like a Commonwealth State shared by all. Virtuous, worthy, wise and capable people are chosen as leaders. Honesty and trust are promoted, and good neighborliness cultivated. All people respect and love their own parents and children, as well as the parents and children of others. The aged are cared for until death; adults are employed in jobs that make full use of their abilities; and children are nourished, educated, and fostered. Widows and widowers, orphans and the old without children, the disabled and the diseased are all well taken care

of." The next few lines are on economics: "Every man and woman has an appropriate role to play in society and in the family. They hate to see resources lying idle or cast away, yet they do not necessarily keep those for themselves. They hate not to make use of their abilities, yet they do not necessarily work for their own self-interest. Thus intrigues and conspiracies do not arise, and thievery and robbery do not occur; therefore doors need never be locked. This is the world called 'Da-Tong' (a state "of the people, by the people, and for the people)". (Translation compiled by Shih-Ming HWANG, found on the internet). This is a classical Chinese verse which I would often recite.

This is a description of a welfare society. As the saying goes, "the propriety lost in one country can only be found in another", the conditions described above can be found in places like the Nordic countries, the United States, Canada, Australia and Zealand. Chinese people are really shameless and Hong Kong, the richest place in China, is even worse. As the saying goes "people are reluctant to spend money on good cause, yet willing to waste", the Government thinks that the extra \$1,110 is extremely generous, but this is an insult to the elderly. Now it has even held us to ransom by saying that if the motion were not passed, hundreds of thousands of elderly people would not be able to receive the money. What is its most sinister trick? It said that elderly people aged 65 to 69 would be able to collect the money immediately for a means test in relation to the "fruit grant" was already conducted last year and these people need only make another statement and have their records checked next year. It is said that the Government is very lenient. Since it is so lenient, then why does it not abolish the means test?

We will all become sinners if we reject the proposal now, and the FTU are so scared that it has considered to retreat, not to mention the DAB whose reaction is totally predictable. As such, Secretary, your proposal can definitely be passed, but we will certainly not give you our few votes, for even if we do vote, we will vote against the motion. The Government is really too cold-blooded, and it has even wrongly accused our younger generation of not being able to support the elderly, but how is that so? The Secretary often asks where we can find the money and I have asked him many times that whether a betting duty is feasible. Let us take a look at Macao which has handed out cash several times each year, with the elderly being given a particularly large amount.

Soccer betting activities are prevalent in Hong Kong and does everyone know that under the existing rules of soccer betting, "the winner takes all"? This is different from horse betting, under which an administrative fee is allocated to the Jockey Club on top of the duty levy, before the remaining funds can be equally divided among different pools. As such, everyone stands to lose. There are many horse owners in this Chamber, and all of them must have lost a great deal of money but they view it as a charity business and do not mind. There is no doubt that Mr James TIEN has made a lot of contributions. Soccer betting is different in that the Jockey Club acts as a dealer and the winner definitely takes all. As such, why is it that a betting duty cannot be levied and the revenue be specifically spent on the elderly? Why can the level of Profits Tax not be increased by 1%? The excuse of no money is the same as the excuse advanced by Donald TSANG when he said that there is no land, and now the tall guy is saying the same thing, but I would like to ask why there is no land.

While there is a problem with the allocation of land resources, the principle of public finance management policy also remains unchanged for 50 years. Those who are sitting here are all staunch rightists, and all former leftists have now become rightists. I have counted the votes and found that we have got at least 20 votes this year, but it is still useless. With four votes from the Labour Party and four of our own, we have already got eight votes in total, and there are another six votes from the FTU. There are a total of 20 votes which are more sympathetic towards the grassroots and protecting the rights and interests of workers. Therefore, Michael TIEN, do you know that you are outnumbered? But unfortunately, many people who appear to be leftists on the skin are really rightists in flesh.

Some people speak of virtue and morality, but after all why should there be a means test? The issue of universal retirement protection has been discussed many times, President, but you have chosen to think that we are speaking nonsense. Secretary, there will finally be a day when people are forced to rise against you and the Government will fall from power when its headquarters are surrounded by hundreds of thousands of people for 10 days and 10 nights. (*The buzzer sounded*)

PRESIDENT (in Cantonese): Speaking time is up.

DR CHIANG LAI-WAN (in Cantonese): President, the problem of poverty has arisen not only just in Hong Kong. I recall a song called "The Pearl of the Orient" sung by Jenny TSANG from the 70s or 80s, in which one line goes like this: "this small island looks wonderful on the surface, but sadly there are those living in poor alleys". This is still the case in Hong Kong nowadays. Over the past few years, despite Hong Kong's wealth, there are still many people living in poverty behind the façade of prosperity. This is a tragedy for Hong Kong.

According to government statistics, there are over 350 000 elderly people above the age of 65 living in poverty in Hong Kong. The poverty ratio is as high as 40%, the highest among all the age groups. The study by the Hong Kong Council of Social Service also showed that 32.7% of the elderly are living in poverty. This means that on average one elderly person out of three is poor.

President, the Government always says that there are three retirement pillars in Hong Kong: the Comprehensive Social Security Assistance (CSSA) Scheme, personal savings and the Mandatory Provident Fund (MPF). First, let us talk about personal savings. The majority of employees earn a limited income and have to support their family. They literally live a hand-to-mouth existence. How could they save money for their retirement? Is this some kind of a joke?

As for the MPF System, it has been in operation for 12 years. As everyone knows, the administrative fees are extremely high, while the returns are low. How can one depend on it? As recent reports have pointed out, half of the MPF funds have incurred deficits in the past five years. It is said that one Japanese equity fund has recorded annual losses of up to 14% on average. This means that the contributions made by an employee for two years out of five have become naught.

Regarding the last pillar — CSSA — to a certain extent, it can provide protection for some impoverished elderly. However, many elderly people refuse to apply for CSSA, and would rather rely on the meagre "fruit grant" and try their best to find part-time work to earn an additional income than being stigmatized. Hence, we should adopt a pragmatic approach in providing retirement protection. I strongly urge the Government to relax the asset limits under the Old Age Living Allowance (OALA) Scheme, so as to benefit more elderly persons in financial difficulties.

President, the Government will apply for funding from the Finance Committee for the OALA Scheme the day after tomorrow, and it is proposed that a monthly allowance of \$2,200 be paid to eligible elderly persons whose assets do not exceed \$186,000. The DAB considers this rather unreasonable and demands the relaxation of the asset limits. There are good grounds for this demand. As I said earlier, the MPF has been in operation for 12 years. Assuming that a wage earner made a monthly contribution of \$1,200 over the past 10 years, based on an average monthly income of \$12,000, he would have some \$150,000 after 10 years if there are no losses. In addition, he may have made some savings before the implementation of the MPF System. Assuming that he has an additional \$100,000 or more, his lifetime savings would only amount to \$200,000 to \$300,000. This is the money he has put by for his retirement. Elderly people who have some money in their pocket can sleep better at night. They would have some extra cash for visits to the doctor, meals with friends, and making outings. It also helps them to preserve their dignity.

But why is the Government so stingy? As we know, some Bureau Directors earn more than \$106,000 a month. How can you demand that people's lifetime savings be less than \$106,000? As a result, elderly people are racking their brains to find a way to transfer the small amounts that exceed the limit to their children or relatives. But have you thought about what would happen if the elderly cannot get back their money in future after transferring it to their relatives?

Moreover, what if some elderly persons are found to have savings amounting to \$180,000 in the bank, and tens of thousand dollars in a box under their bed? Secretary, are you going to have them arrested? Do you now that many elderly people are so worried now that they have lost their appetite? With our demand for the relaxation of the asset limits, we in the DAB merely want more elderly people to have a comfortable life in their remaining years. Secretary, I hope that heaven will bless you with compassion and mercy, so that you can put yourself in the elderly's shoes and relax the asset limits. I so submit. Thank you.

DR HELENA WONG (in Cantonese): President, after listening to the speeches of the many Members, I found that only very few noted the enormous impact of the implementation of universal retirement protection on both genders. Today, I

wish to focus on this issue and urge Members and the Government to consider providing universal retirement protection to take care of unpaid housewives who make quiet sacrifices.

As everyone agrees, the problem of the ageing population has become quite pressing. If we look at government statistics on population projections, the number of elderly aged 65 or above will account for 28% of the total population by 2039. The elderly dependency ratio will also rise sharply from 18% today to nearly 50%. More importantly, the life expectancy of women is on average longer than men, around 90 years of age. Thus, women live six to seven years longer than men. This means that the ageing problem has different impact on either of the genders. If elderly poverty is a serious problem, it is even worse among elderly women.

As government officials have repeatedly expressed concern about the population problem and the aging problem through different channels, we hope that the Government will genuinely respond to the people's aspirations. The Government also stresses that there are three pillars in Hong Kong's retirement protection system. During the debate over the past two days, several Members have referred to these three pillars, namely the Mandatory Provident Fund (MPF), personal savings and the Comprehensive Social Security Assistance (CSSA) Scheme. According to the Government, they are sufficient to meet the retirement needs of the elderly. However, these three pillars are fraught with problems. As a number of Members have pointed out their shortcomings, I will not repeat them. These three pillars are most unfavourable to women. For unpaid labourers at home, especially women, and low-income workers, who are also mostly female, the protection they provide is totally inadequate. Nor are there effective means to meet their needs in old age. If you go online and key in the words "women and universal retirement protection", the search results will show that all parties, whether they are from the left, the pan-democratic camp or pro-establishment camp, unanimously call for the expeditious implementation of universal retirement protection to meet the needs of elderly women, especially housewives.

Let us talk about the first pillar first. Many people have criticized the MPF scheme. Since 2000, the MPF scheme has been in operation for 12 years. As we have seen, there are many problems with it, and it has come under a lot of flak. Apart from the high administrative fees and poor returns, one cannot switch funds as one wishes. Although the so-called Employee Choice

Arrangement has now been introduced, many of these investments are not even enough to fight inflation, while some have suffered heavy losses, thus greatly weakening the role of the MPF as a pillar of retirement protection.

Leaving aside the flaws and drawbacks of the MPF, if we look at the population it covers, we will find that it basically discriminates against women. How come? We can make contributions to MPF schemes only if we join the labour market and earn an income that reaches a certain level. But let us consider how many women are doing unpaid work in Hong Kong, yet such work certainly has value. Even without looking at statistics, we will know that the employment rate of men and women under the age of 30 may be similar. But over the age of 30, women have to hurry to give birth. Among women who are married and at childbearing age, their employment rate rapidly drops to only 50%, that is, nearly one in two women with children is forced to stay home. Do they like staying home? Some of them do. However, many grass-roots women from households in Sham Shui Po and Cheung Sha Wan that we have talked to in West Kowloon want very much to work rather than stay home, since their husbands' income is not enough to support the family, and they are not living in public housing. What should these households do?

These women want to work very much, but they have no job opportunities. Why? Because the Government has failed to provide adequate nursery services. Our Government has failed to provide adequate full-time kindergarten and nursery services. The number of full-time kindergarten places is not enough. While middle-class woman may choose to hire foreign domestic helpers, grass-roots women do not have this option. Imagine how many such women devote themselves to their families. But when they reach old age, can they count on anyone for care and support? It is by no means certain. Thus, I hope the Government will expeditiously consider putting in place universal retirement protection.

In our view, the Government's so-called three pillars cannot meet the retirement needs of women. Apart from the housewives whom I talked about earlier, there is another group that is not covered either, namely the domestic helpers who do housework. Their income is also very low and they are not covered by the MPF scheme either. Thus, I very much hope that we will not stop here and think that we are doing enough, since the existing system discriminates against women and totally disregards the needs of housewives, domestic helpers and low-income women.

With these remarks, I support the motion moved by Dr Fernando CHEUNG to expeditiously study the establishment of a universal retirement protection system. On behalf of the Democratic Party, I also declare our support for elderly persons aged 70 or above to be eligible for the Old Age Living Allowance without being subject to any asset test.

Thank you, President.

MS CYD HO (in Cantonese): President, Hong Kong's population is certainly ageing. However, the Government has to bear responsibility for the ageing population, since it has played a part in causing the problem.

Just now, Dr Helena WONG mentioned that middle-class women can no longer work after giving birth to children. I wish to give the Government another set of figures. The population is ageing because of the low birth rate. Ten years ago, the average age of women giving birth for the first time was 21. It was 21 ten years ago. But the latest figure is 30, an increase of 10 years. Why? Because people have no confidence in the future, so they are reluctant to have children. Everyone says you need \$4 million to raise one child. How can you afford to raise your children after giving birth? Moreover, as Dr Helena WONG said earlier, while the husbands' income is not enough to support their families, the women, who are the homemakers, have to stay home to take care of the elderly and children. We have also lost faith in our education system completely. If you cannot afford sending your children to international schools or schools under the English Schools Foundation, you will have to quit working and making money and stay home to help your children with their studies instead. Due to the flaws of the system and the difficulties to make ends meet, people dare not have children. How can the population not age? This is another argument from the gender perspective to make the Government understand the responsibility it should bear.

As the Secretary and Members have pointed out, with the ageing population, the Government will have a big headache if there is universal retirement protection. As the working population declines and so many people need support, the Government will certainly run into financial difficulties. But do you think the households in society do not have to face this problem? With the number of the elderly increasing and the working population declining, every family will be facing this predicament. Moreover, the average life expectancy

has continued to increase, reaching almost 90 years now. We can foresee that among the future working population, a 30-year-old whose mother was thirty years old when she gave birth to him will not only have to support his 60-year-old parents, but also his 90-year-old grandparents. Thus, one person will be providing for four people. Every family will have to deal with this realistic problem. If you say the Government will have financial difficulties and cannot deal with the problem of the aging population through universal retirement protection, families will also have financial problems. In our view, the Government has the responsibility to use its revenue and different systems to turn an obligation that the grassroots, lower-middle class and middle class cannot assume into an obligation of the whole community.

As Mr LEUNG Kwok-hung has pointed out, there are many poor people in Hong Kong. While 99% of the people are oppressed by this system, only 1% of the people are rich. When the burden of the ageing population is on everyone's shoulders, we have to ask the Government to assume its responsibility and play its role by using the wealth of the few to cope with the problem of the ageing population. Actually, during the election, I talked to many local residents about the Old Age Living Allowance, the "fruit grant" and universal retirement protection. Most supporters of universal retirement protection come from the lower-middle class, since they also foresee that in addition to paying for private housing and the education of their children, each of them will be supporting four people in future. They really cannot cope. Thus, it is not just the grass-roots people that support universal retirement protection, the lower-middle class and the middle class also support it.

The Government always says that we have to help those in need, while those not in need should not be eligible. Actually, looking at the household income decile groups, 85% of the households have an income below \$40,000. These 85% of households require universal retirement protection and do not mind making contributions to it, since they can support one another, rather than having each household supporting itself and failing to do so. President, with the so-called means test, the Government seeks to screen out 85% of the people, so that only about 15% will benefit. Is this fair to the community?

Under the last administration, Donald TSANG always said Hong Kong people had a responsibility to make savings and deal with their own retirement problem. It is true that Hong Kong people have saved a lot of money. As Mr James TIEN said, Hong Kong people have saved \$2,500 billion in the Exchange

Fund. But where did this money come from? Did Donald TSANG bring it with him when he took office? Did LEUNG Chun-ying bring it with him when he took office? Every cent of this \$2,500 billion Exchange Fund and the over \$600 billion fiscal reserves is saved up by Hong Kong people. Whether they are taxpayers or not, they have to bear the high living costs and struggle to make ends meet due to the high land price policy, and through the rates and taxes they pay, they save their money in the Government's coffers. The Government's role and responsibility is no doubt to save for a rainy day on the people's behalf. Yet after the money has gone into the coffers, it never comes out. The money seems to have gone into a bottomless pit. What is the point of saving that much money? In ancient China, some rich people had so much silver that they let it go rust in a warehouse instead of spending it. Now, we are rich on paper only. After putting the money aside, the people are poor. This should not be the Government's role. Its role should be to turn this situation around.

The pan-democrats have put forward Dr WONG Hung's suggestions. I urge the Government to present the studies done by the Central Policy Unit. I urge you to compare the data and come up with arguments against arguments, rather than using propaganda and creating an illusion of happiness and peace. I urge the Government to use arguments to convince the public, and assume the responsibility that it should take upon itself.

Thank you, President.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(Dr CHIANG Lai-wan raised her hand)

PRESIDENT (in Cantonese): Dr CHIANG, you have already spoken. What is your point?

DR CHIANG LAI-WAN (in Cantonese): President, I made a mistake in my speech earlier. Can I make a clarification? I said the Government would seek funding approval from the Finance Committee the day after tomorrow. In fact, it should be tomorrow.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

MRS REGINA IP (in Cantonese): President, the subject of universal retirement protection has been discussed in society for some time. Representatives of the Joint Alliance for Universal Retirement Protection have approached my office for discussion. I have also received petition letters outside this Council. Some elderly people have even pinned a label depicting "universal retirement protection" or "non-means tested fruit grant" on my clothes. However, my position and that of the New People's Party are crystal clear and consistent. So far, no advocate of universal retirement protection can explain to us the meaning of "universal"; why it should be universal; and whether it is affordable to the community.

What does "universal" mean? Should universal retirement protection cover the rich or those who have never worked? Mr CHAN Chi-chuen advised me not to often cite the United States as an example. But Dr Fernando CHEUNG, the mover of today's motion, referred to the social security in the United States in his first speech. I know that Dr CHEUNG had lived in the United States for a long time. I had also stayed there for a few years, during which I was advised to buy a house for my retirement there. Therefore, I have studied the social security system of the country.

In the United States, which is such an advanced and democratic country — Dr CHEUNG said that Hong Kong is comparable with the United States — the per capita GDP is more than US\$30,000. There are three pillars in the United States' social security system, including Social Security, Medicare and Medicaid, but none of these are set up for all people, non-contributory or non-means tested. The formal name of the social security programme in the United States is "Old Age, Survivors And Disability Insurance Program", which is contributed by Americans at the rates of 4.2%, 6.2% and 10.4% for employees, employers and self-employed persons respectively. Moreover, they have to make contributions for at least 10 years before being entitled to benefits. For non-Americans or non-permanent residents like me or those who have never paid taxes or worked there, they will not be eligible for any benefit at all.

Concerning the question whether such protection is sustainable, it is pointed out in websites of many civil societies that the social security fund will not go bankrupt, but payouts can be maintained only up to 2037. According to a

detailed study by a famous professor of public policy at Cornell University, the social security fund will be exhausted by 2042 as tax revenue will be insufficient to pay benefits to beneficiaries. This will be a crisis. I hope that professors, lecturers, academics and all those who are educated in this Council will tell the public the whole truth when promoting universal retirement protection.

President, Hong Kong has been following the footsteps of Western countries in pursuing democracy. One thing is worth learning in my opinion. In an active civil society I propose that Members browse some websites such as the *FactCheck.org* to see whether all politicians' remarks are compatible with the reality. Subsequently, we were told the definition of "universal" or whether it is genuinely "universal". Of course, the Join Alliance for Universal Retirement Protection and some woman Members of this Council have asked why housewives are not covered by retirement protection. However, let us take a look at some Western countries. Do they really have universal retirement protection? Is their universal retirement protection really sustainable?

Certainly, each and every one of us is concerned about care for the elderly. Secretary Matthew CHEUNG has reiterated the three-pillar approach. In my opinion, efforts should be made in respect of these three pillars to enhance welfare for the elderly. We should keep encouraging caring of the elderly by families. We should not follow the example of Americans who visit their parents only twice a year — on Thanksgiving Day and Christmas. They will at most buy air tickets as gifts for their parents to have a trip. They will not care about the retirement life of their parents as they consider it the responsibility of the State.

The Mandatory Provident Fund (MPF) needs improvement. As pointed out by Prof K C CHAN yesterday, there is room for downward adjustment in management fees. There is a lot of room for improvement for the MPF and we will certainly have the opportunity to discuss it in the future.

In my opinion, any small change to the social security system will lead to a chain of reactions. I have made a suggestion to Secretary Matthew CHEUNG, as some Honourable colleagues also mentioned it just now, that we should consider the fourth pillar as well. As some Honourable colleagues have pointed out, nowadays the elderly look much younger and more vibrant. In some foreign countries, they are called "the young old". People at the age of 70 are regarded as the young old. At present, the life expectancy of Hong Kong people

ranks first in the world. I am sure that if Members visit the elderly homes and want to give red packets to those over 90, they will find that there are a large number of them. In reality, I often come across some elderly people over 70 who are still able to work. In the China Overseas Building at Wan Chai where my office is located, I have really seen some elders over 70 working as stock brokers. I am sure Honourable colleagues will often encounter some elderly drivers when taking a taxi. Recently, I met one. I asked him why he did not lead a comfortable retirement life at home. In reply, he asked me why he should ask for financial assistance from his family. He added that he preferred earning money by working as a part-time taxi driver on an occasional basis.

Secretary, you should encourage the elderly people who are in good health to keep on learning instead of merely thinking how to give them handouts. In fact, they can increase their income by doing part-time jobs. Many elderly people can actually find a job with a monthly salary of \$2,000 to \$3,000. In many communities, elderly people in good health are welcomed to work as part-time domestic helpers if they are willing to.

Therefore, we should improve welfare for the elderly from various aspects rather than relying solely on offering them a living allowance. We cannot rely on the "fruit grant" as a measure to take care of the elderly as they also need dental care, medical care and residential care. None of these services can be provided without money. If we propose a handout of billions of dollars without considering the sustainability of such welfare initiatives, our fiscal reserve will be exhausted in no time. Regarding this issue, a social consensus must be achieved. We need not only the support of beneficiaries, but also the contributors. Instead of relying on government funding, we also need the participation of the beneficiaries' children who have paid taxes. In our opinion, as no consensus has been forged, the New People's Party opposes any motion or amendment which supports universal retirement protection without providing any definition of it. I will only support Mr Michael TIEN's amendment.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, you may now speak on the six amendments. The speaking time limit is five minutes.

DR FERNANDO CHEUNG (in Cantonese): President, I thank the 38 Members who have spoken on this motion. This is certainly a very important motion which is related to the well-being and basic livelihood protection for the elderly in Hong Kong.

Concerning Members' speeches, I wish to respond to them one by one, although time is indeed limited. Just now, Mrs Regina IP mentioned the system in the United States. I believe she

PRESIDENT (in Cantonese): Dr CHEUNG, you will still have a little bit of time to respond later. You should focus on the six amendments in your speech now.

DR FERNANDO CHEUNG (in Cantonese): Yes. Thank you, President. Regarding the six amendments, some Members consider that universal retirement protection and the Old Age Living Allowance (OALA) Scheme should not be bundled up. These two systems should be handled separately rather than combined together. Some Members consider that our society will collapse because it cannot afford the universal retirement protection system. Some Members also query why the system should be implemented across the board. They also think that it will be okay if the asset test is relaxed.

President, I would like to respond to all these points. First, on the view that the two systems should not be bundled up, I would like to highlight that if we do not focus on the concept of universal retirement protection, we could only get a partial picture just like a blind man feeling the elephant. Currently, government expenditure on the "fruit grant" and CSSA for the elderly amounts to \$15 billion per year, while the annual MPF contributions made by wage earners amount to \$40 billion.

According to statistics and projections by the authorities, the OALA Scheme submitted by Secretary Matthew CHEUNG to the Legislative Council will incur an annual expenditure of more than \$6 billion. In other words, more

than \$60 billion per year in total will be spent on various welfare items for the elderly. President, it is \$60-odd billion. Currently, there are 900 000-odd senior citizens over the age of 65. Assuming that the number is 1 million and each of them is paid \$3,000, the total amount of money will be \$30 billion. However, the annual expenditure on livelihood protection for the elderly amounts to more than \$60 billion per annum.

I really do not understand why we cannot look at the matter from a holistic perspective. How can we ignore the fact that a lot of public money has been spent on this and the people have spent their hard-earned money on MPF contributions? How can we ignore the whole picture? The OALA Scheme can precisely tell the difference between us and the Government. Having adopted a piecemeal approach, the Government will only take one step at a time. In view of its low popularity rating, the Government offers the people petty favours which, however, cannot benefit all the elderly. The proposed OALA Scheme is obviously a kind of "special fruit grant", but the concept is distorted to become a poverty alleviation measure. In fact, public money is involved and all these are valuable resources.

The administrative costs of MPF, which amounted to \$6.6 billion last year, will increase to more than \$10 billion annually after a couple of years. The Government claimed that it did not have enough money to afford universal retirement protection due to a lack of resources. Many Honourable colleagues also said that universal retirement protection was not affordable and would collapse. But in fact, it will not collapse even if each elderly person is paid \$6,000 now. This can be proved by simple mathematics. We are not asking the Government to pay each elder \$6,000. Rather, we only ask for a handout of \$3,000 each and the Government can afford it right now. Moreover, the sum can be saved up by them. While reiterating that the system will collapse, the Government has ignored the proposal raised in the community. The Government is even unable to handle simple computation. While the authorities have turned a blind eye to the actuarial computations presented by us, the Central Policy Unit has not made the slightest response. Although the authorities claimed that the approach advocated by us would lead to a "collapse", why did they not point out the error in our computations? They simply talked about concept, refusing to do any computations. To support their arguments, they cited many examples of failure in foreign countries such as Greece. However, I can do a simple computation for you. The system will not go bust even if each

senior citizen over 65 is paid \$6,000 immediately because we can save an administrative fee of more than \$6 billion. And this fee will rise to more than \$10 billion in a couple of years. Is this not a waste of money? The case is as simple as that.

Although the universal retirement protection issue has been discussed for more than 10 years, we are still wasting our time.*(The buzzer sounded)* I so submit.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank Dr Fernando CHEUNG again for moving this motion and the 38 Members for taking part last evening and this morning in this debate lasting almost six hours. I wish to reply in gist to the main points of Members' comments.

A number of Members who spoke were concerned about the study on retirement protection conducted by the Central Policy Unit (CPU).

From 2007 to 2010, the CPU completed five studies on the sustainability of the various pillars under the existing system. Last year, the Government submitted a paper to the Subcommittee on Retirement Protection under the Panel on Welfare Services to give a brief account of the relevant information. Therefore, all the papers have been made public and uploaded onto the Internet.

The CPU is currently, in an attempt to tie in with the Administration's present work direction of refining, consolidating and strengthening Hong Kong's existing retirement protection system, conducting further in-depth research efforts. As I said last night, they include conducting a territory-wide household survey which covers 10 000 households, with a view to updating the figures to provide reliable information for evaluation of the sustainability of the existing system and enabling us to chart the future course. As I said last evening, the CPU expects the initial results of the survey to be available by the end of this year. After receiving the results of the survey, the Government will definitely carry out analyses and consider the way forward carefully.

I wish to respond to issues relating to Comprehensive Social Security Assistance (CSSA) because many Members have talked about such issues as the

"bad son statement" and the difficulties in application, so I wish to spend a little bit of time to respond to them.

At present, the Government helps needy elderly persons meet their basic needs through the CSSA Scheme. Under the CSSA Scheme, the means test for the elderly is more relaxed and the standard rate for an elderly recipient is higher than that of an able-bodied adult. The Government also gives them special grants and supplements that are applicable to them, that is, not only is the standard rate granted, there are also grants and supplements. As at the end of August this year, assistance were provided to around 190 000 elderly persons aged 60 years or above under the CSSA system. If these elderly persons are singletons, on average, they can receive a monthly assistance of about \$4,700.

CSSA applicants are subject to a means test and I stress that it is a test rather than a declaration because basically, CSSA is an income supplement. The authorities would first ascertain an applicant's recognized needs, then verify his disposable resources and the difference between the two is supplemented with CSSA. If an applicant receives financial assistance from his family members, he does not have to rely entirely on CSSA. This can ensure the appropriate use of public funds, so that the non-contributory CSSA Scheme can function continuously and soundly.

Therefore, if elderly persons apply for CSSA on an individual basis, we would require their children to make a simple declaration. The aim is not to prove that they do not support their parents financially. Many Members talked about a "certificate of not supporting parents", but there is no such thing at all. Rather, they are asked to declare their financial support for their parents honestly. There is an actual need for such an arrangement. Without such an arrangement, it would be difficult for the Social Welfare Department (SWD) to ascertain the financial situation of applicants and calculate the rate of CSSA payment for them. However, I wish to stress that in special cases, for example, if an elderly person is in discord with his family members, or his children cannot support him financially for special reasons, the SWD would refer such cases to social workers when necessary, so as to provide appropriate assistance to them and consider exercising its discretion to allow the elderly person concerned to apply for CSSA on an individual basis.

In fact, elderly persons in better financial shape can choose to apply for Old Age Allowance (OAA, commonly referred to as "fruit grant") or the disability allowance under the Social Security Allowance Scheme. As at the middle of this year, nearly 80% of the elderly persons who have reached the age of 65 were receiving various kinds of assistance or allowance under the social security system; whereas the proportion of elderly persons aged 70 or above even reached 87%. The estimated expenditure on CSSA, OAA and disability allowance for the elderly is \$18.4 billion in 2012-2013, accounting for almost 40% of the Government's total recurrent expenditure on welfare.

Under the social security system, various items of financial assistance have their specific purposes and targets, so an individual cannot receive CSSA, OAA or the disability allowance at the same time, so as to avoid instances of receiving double welfare benefits. In the case of CSSA, elderly recipients are entitled to receiving payments that are higher than the standard rate granted to able-bodied adults, as well as other special grants applicable to them, so as to meet their special needs, for example, transport fares to hospital/clinic and diets recommended by doctors and medical appliances. Families with elderly recipients are entitled to receiving an annual long-term supplement for the replacement of household and durable goods if they have received assistance continuously for 12 months or more. Therefore, CSSA payments should be adequate for elderly people in meeting their basic needs.

In addition, the Government will introduce the new "Guangdong Scheme", which would enable eligible elderly people in Hong Kong who choose to reside in Guangdong to receive a full-year OAA without the need to come back to Hong Kong each year during receipt of the allowance. Guangdong, rather other places, was chosen for the implementation of this scheme due to four special considerations. First, currently, Hong Kong elderly people who have settled in the Mainland mostly live in Guangdong. Second, there are especially close ties between Guangdong and Hong Kong in the geographical, economic and social aspects. Given the policies under the Hong Kong/Guangdong Co-operation Framework and with the completion of a number of major transport infrastructure projects, travel will be more convenient and the two places will become more closely integrated. Lastly, local elderly people who have moved to Guangdong can still maintain close contact with their relatives and friends here and receive family support with ease.

We hold that at the moment, only Guangdong has the right conditions for implementing this Scheme. The SWD is taking forward at full steam the preparations for the Guangdong Scheme, with a view to launching the Scheme as quickly as possible in the latter half of next year, so as to benefit tens of thousands of Hong Kong elderly people who live in the Mainland.

Now, I wish to talk about the Old Age Living Allowance (OALA). This is a subject of great concern to Members and also an issue of spirited discussion by Members at present. I wish to reiterate that since the OALA is designed to alleviate poverty, its target is elderly people aged 65 or above who are in financial need, so its applicants must meet income and asset requirements.

If all people aged 70 or above are entitled to the new OALA without having to declare their financial status, the additional expenditure on allowance payment in the first year is estimated to immediately soar from the present estimate of about \$6.2 billion to nearly \$10 billion. If this arrangement is made applicable to applicants aged 65 or above (that is, if elderly people aged 65 or above do not have to make any declaration), the additional expenditure would even balloon to about \$13.6 billion per annum. With an ever increasing elderly population, the burden of the OALA expenditure on public finance is bound to increase drastically over time if no declaration of financial status is introduced and at the same time, it may crowd out other expenditures (including healthcare and welfare-related expenditures) that are needed to cope with an ageing population. It is therefore prudent and necessary to introduce a proper means test with prescribed income and asset requirements under the OALA, so that the Government's limited public resources can be directed to those who are the most in need of assistance.

I wish to take this opportunity to clarify three points. I have to make such clarifications because three of the points voiced by Members in their speeches are mistaken and at odds with the facts.

First, Mr CHAN Chi-chuen said that the Hong Kong Government was sitting on a fiscal reserve of \$6,700 billion. I must clarify that as at the end of August this year, the Government's fiscal reserve only stood at \$630 billion and the fiscal reserve represents all the funds at the Government's disposal, so it cannot be used lightly. If the economy experiences a downturn in the future,

thus leading to a decrease in government revenue, it will be necessary to draw on the reserve to meet the expenditure. This is the first point.

Second, Mr Ronny TONG said that even if the mode of the OALA proposed by the Government was adopted and checkpoints like a declaration mechanism were introduced, after 2041, the expenditure would still reach \$35.1 billion. Yesterday, we provided a very clear chart and last week, we also submitted a paper to the Finance Committee of the Legislative Council, but he has misread the chart completely. In fact, the chart already shows clearly that by 2041, the total expenditure under this scheme would be \$16.2 billion. However, if the declaration mechanism were removed, the expenditure would reach \$35.1 billion, that is, this amount of \$35.1 billion would result from the scenario in which no declaration is required and the allowance is handed out to all the people concerned. The scheme proposed by the Government is well-planned, as well as clearly targeted and focused. The expenditure will be \$16.2 billion. This point is very important because without any need for declaration, in fact, by 2017, the expenditure will already reach \$16.8 billion, but under our proposal, the expenditure under the scheme will reach \$16.2 billion only by 2041, so this proves that the scheme proposed by us is financially sustainable, sound and viable.

In addition, Ms Cyd HO said that the aim of introducing a declaration mechanism is to screen out 85% of all elderly people, but such a claim is absolutely wrong. She said that only 15% of all elderly people would be benefited. But the opposite is true. The scheme is designed to be people-oriented and it is hoped that more elderly people can benefit from it. The declaration mechanism is lenient and it is hoped that more people can be assisted. Our conservative estimate at present is that among elderly people aged 70 or above receiving the "fruit grant", 80% will be able to switch to the new scheme successfully. We estimate that 360 000 elderly people would be benefited. If the Finance Committee approves the allocation of funds to the scheme at its meeting tomorrow, the Government will be able to introduce the scheme in March next year. 290 000 elderly people, including 210 000 elderly people aged 70 or above, will not have to go through any formalities and will be automatically qualified for the new allowance because they have made declarations in the past, so we will not trouble them anymore. That means a total of 290 000 elderly people will be benefited immediately in March next year. This is a hard fact that

is not fabricated by us. Rather, this is a deduction founded on good grounds. Moreover, it is also based on facts that we make these comments.

President, in respect of the OALA, the existing income and asset declaration mechanism for elderly people aged between 65 and 69 applying for standard OAA will be adopted and the upper limit will remain unchanged. I wish to stress that this mechanism is proven and the great majority of elderly people are familiar with it. Since the amount of the new allowance is about double that of the existing OAA, we believe that adopting the existing mechanism is an appropriately relaxed approach. We must also bear in mind that if we adopt the existing yardstick, elderly people will receive \$2,200, which is double the existing rate, rather than \$1,090, and the yardstick will not be tightened in any way. Rather, it will remain unchanged. In fact, elderly people whose assets exceed the asset limit for the new allowance will not suffer any loss. I have stressed time and again that elderly people aged 70 or above can still receive the existing amount of "fruit grant" without making any declarations.

Some people hold that the present individual asset limit of \$186,000 is rather low. I wish to explain that this limit is already more than four times that of the one for elderly singletons applying for CSSA. At present, the asset limit for elderly people applying for CSSA is only \$38,000. Earlier on, I also clarified that we would make adjustments according to the Social Security Assistance Index of Prices (SSAIP) annually, rather than keeping the limit unchanged. It will not always remain at a certain level without ever being adjusted upwards. Compared with last year, the 12-month moving average of the SSAIP up to the end of August this year registered an increase of 3.4%. As I said earlier on, if an adjustment is made according to this figure, the asset limit will reach \$192,000. We estimate that as at the end of October (that is, this month), after the end of the adjustment cycle, the relevant figure will continue to record growth and we will continue to closely monitor the movements of the SSAIP, then adjust the asset limit upwards according to the established mechanism in February next year. That means when the scheme is launched, the asset limit will surely be more than \$192,000. In fact, the cumulative increase of the asset limit since 2009 has reached 8.8%

(Dr Fernando CHEUNG raised his hand in indication)

PRESIDENT (in Cantonese): Secretary, please hold on. Dr CHEUNG, what is your point?

DR FERNANDO CHEUNG (in Cantonese): President, I hope the Secretary can clarify one point. Just now, the Secretary said that the existing reserve amounting to some \$630 billion was all the funds now at the Government's disposal, so I hope he can clarify this point. This is because when I reviewed the press release issued by the Hong Kong Monetary Authority (HKMA) on 8 October, I found it say that the official foreign currency reserve assets of Hong Kong amounted to US\$301.2 billion as at the end of September 2012. If this is multiplied by 7.8, the foreign exchange reserve would amount to some \$2,300 billion. May I ask the Secretary to clarify if this amount of some \$230 billion in the foreign exchange reserve is not the money at his disposal? I call on the Secretary to clarify this.

PRESIDENT (in Cantonese): Dr CHEUNG, your question is already very clear. Secretary, the Member has asked you to clarify. You can do so if you wish.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I have already said clearly that the fiscal reserve is \$630 billion. This is all the money at the Government's disposal. The fiscal reserve is \$630 billion, as I have clarified.

DR FERNANDO CHEUNG (in Cantonese): President, what he said just now was all the money at his disposal. May I ask him to clarify if he said all, or did he make it wrong?

PRESIDENT (in Cantonese): Dr CHEUNG, please sit down. Secretary, please respond.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I reiterate that what I said was all the money at the Government's disposal. President, may I continue?

PRESIDENT (in Cantonese): Secretary, please.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): In fact, the cumulative increase in the asset limit since 2009 is 8.8%. We believe that a more pragmatic approach would be to let the Government introduce the new allowance first, then review the level of the limit having regard to the experience of implementation and the need.

As for the regular OAA, the requirement of declaring assets and income has always existed. The launch of the OALA will enable all elderly people currently on OAA to receive financial assistance that is double in amount. However, if it is believed that since the support for these needy elderly people has increased, it is also necessary to let other elderly people aged between 65 and 69 receive the standard OAA amounting to over \$1,000 monthly, I think this is unjustified. This is tantamount to offering a new allowance to elderly people who have better means and are younger. Given the limited public resources, is this beneficial to the sustained development of the social security system in Hong Kong? Members have to think about this very carefully and I have great reservation about this.

Some Members have lumped the OALA together with a universal retirement protection scheme, saying that if the Government does not undertake to implement a universal retirement protection scheme, they would not support the OALA. The Administration believes that the two should not be lumped together in our discussion. A universal retirement protection scheme is a highly complicated and controversial subject on which no consensus has been reached in society. In contrast, the OALA, as a measure to help the poor, has gained widespread support. As soon as the fund allocation is approved, over 400 000 elderly people will benefit from it immediately. To bundle up the two without good grounds is unfair to the elderly people who need financial support urgently.

As regards the question of how best to help retirees whom the existing protection system cannot take care of properly, I said last evening that the Government would establish a Commission on Poverty very soon. The Chief Executive stated clearly in his election platform that the specific work of the new Commission on Poverty will include "studying how to introduce short, medium and long-term measures to solve the problem of elderly poverty and improve the

present social security and retirement protection systems". In this connection, a task force under the new Commission on Poverty, to be headed by the Chief Secretary for Administration, will be established to study and explore the relevant issues in depth and I will also take part in the work of the task force actively. This arrangement shows that the present Government attaches great importance to the issue of retirement protection.

I wish to use a little time to respond to the views relating to the Mandatory Provident Fund (MPF). Members are all very concerned about the MPF System and the Government is also keenly concerned about this subject matter.

First, the Government fully appreciates the importance of the MPF System to retirement protection in Hong Kong and the need for it to have continuity. We have steadfast determination in refining this System and lowering the fees. The relevant efforts have never stopped ever since the MPF System began its operation. They include enhancing the transparency of market operations and promoting competition, particularly by adopting a uniform approach for fee calculations, that is, the Fund Expense Ratio (FER), and making regular publication of the FER of each MPF fund to exert pressure on the industry to reduce fees.

Since 2008, the average FER has been adjusted downwards by about 18% overall. As Members all know, the next stage will be the implementation of the Employee Choice Arrangement (ECA) from 1 November 2012, following which the size of MPF assets transferable by employees will increase from 40% of the total net asset value at present to over 60%. This arrangement will put greater pressure on trustees to further reduce their fees. In tandem with the implementation of the ECA, the Mandatory Provident Fund Authority (MPFA) will make available information on the investment performance of individual MPF funds on its website as from the end of this year for employees to compare their MPF fund performance. However, I must stress that although the method of calculating the level of return has already deducted the fees charged by funds, that is, the return refers to the net return, employees also have to understand that when choosing funds, past returns are not indicative of future return, so they also have to take into account their risk-bearing capacity, the services provided by trustees, and so on.

Of course, the measures mentioned by me just now are still not enough. As Prof K C CHAN, Secretary for Financial Services and the Treasury, pointed out in the Legislative Council meeting yesterday, the MPF System needed more in-depth and fundamental reforms. Therefore, when making preparations to implement the ECA, the Government also requested the MPFA to conduct a comprehensive review of the system and put forward all-round improvement recommendations. For example, how can the costs and fees of trustees be reduced, and given that there are currently hundreds of funds to choose from, can they really perform the function of the MPF System in helping members of the public accumulate basic savings for their retirement? Should the funds mainly comprise simple ones charging low fees? As regards other recommendations, for example, whether or not regulating the fees of funds is a practicable and effective measure, the Government will also adopt an open attitude and follow this up actively.

President, the existing retirement protection system in Hong Kong is a consensus in society reached after many years of discussion. We understand that in recent years, there has been a lot of discussion on retirement protection in society. One of the focuses is on the effectiveness of the MPF System. Some people have questioned if the MPF System would be able to provide sufficient financial support to elderly people after their retirement.

However, when dealing with this subject, one may easily lose sight of the bigger picture if one focuses only on one of the three pillars. For society as a whole, any single pillar by itself would be inadequate in providing financial support for the elderly. The MPF System aims to assist the working population in accumulating retirement savings. As regards the non-working population, low-income people or people who, because of their advanced age, have made contributions only for a smaller number of years, when their accrued benefits in their MPF accounts and personal savings are inadequate to meet their daily needs and when their family members are also unable to provide any assistance, our social security system will serve as the safety net for the needy.

The introduction of the OALA can supplement the living expenses of many needy elderly people. For this reason, here, I sincerely hope that the Finance Committee can approve the allocation of funds, so that the Government can formally introduce the new allowance in March next year to provide relief to the living of over 400 000 needy elderly people.

President, this SAR Government attaches great importance to improving the living of the impoverished elderly. Introducing the OALA can reinforce this pillar of social security and provide a living supplement to many needy elderly people immediately. Despite our different ideas or understanding of the long-term development in retirement protection, our starting points are cognate, that is, to provide greater protection to the elderly people. Therefore, I sincerely hope that Legislative Council Members can adopt the attitude of seeking common grounds while reserving differences and being pragmatic, make the welfare of poor elderly people and the long-term interest of Hong Kong their ultimate goal and approve the funding as soon as possible, so that the Government can introduce the new allowance in March next year — and I repeat this point — so that 400 000 elderly people can benefit from it early.

In future, the Government will continue to consolidate and strengthen the existing retirement protection system underpinned by the three pillars. We will also fully consider the results of the in-depth studies conducted by the CPU on the existing retirement protection system of Hong Kong and the relevant discussions in the Task Force on Social Security and Retirement Protection under the Commission on Poverty. We will examine this important subject of retirement protection objectively and earnestly at a holistic and macro level.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, please move your amendment to the motion.

MR TAM YIU-CHUNG (in Cantonese): President, I move that Dr Fernando CHEUNG's motion be amended.

Mr TAM Yiu-chung moved the following amendment: (Translation)

"To add "Hong Kong has been gradually becoming an ageing society, while at the same time" after "That"; to delete "at present" after "Hong Kong is serious"; to delete "on the other hand," after "did not receive CSSA;" and substitute with "besides, quite a number of elderly persons ineligible for CSSA mainly rely on OAA to support their living, but"; to delete "and" after "South Korea" and substitute with ","; to add ", France

and Greece, etc." after "Taiwan"; to add ", and implemented retirement protection systems" after "put in place universal retirement protection"; to delete ", which have been proven to be effective retirement protection systems" after "specified purposes"; to add "studying the implementation of universal retirement protection in major economies around the world," after "responsibilities including"; to delete "proposal" after "contents of a" and substitute with "proposed plan"; to add "after a consensus has been reached on the proposed plan in society" after "implementation timetable"; to delete "before the implementation of a universal retirement protection scheme, refrain from introducing any asset and income test for" after "(c)" and substitute with "relax the asset limits under"; to delete ", in order for the scheme to serve as a transitional measure leading to the universal retirement protection scheme; and" after "'Old Age Living Allowance Scheme'" and substitute with "to benefit more elderly persons with financial difficulties; (d) improve the existing OAA system, including abolishing the existing asset and income test for application for Normal OAA, allowing elderly recipients of Disability Allowance to receive OAA at the same time, expeditiously implementing the 'Guangdong Scheme' and extending it to Fujian Province;"; to delete the original "(d)" and substitute with "(e)"; and to add "; and (f) comprehensively reform the Mandatory Provident Fund Scheme, lower its fees, increase employees' investment choices and perfect the regulatory mechanism, with a view to increasing the returns of the scheme and thereby strengthening the retirement protection for employees" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr TAM Yiu-chung to Dr Fernando CHEUNG's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Andrew LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Andrew LEUNG has claimed a division. The division bell will ring for five minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Joseph LEE, Mr WONG Ting-kwong, Mr IP Kwok-him, Mr Steven HO, Mr YIU Si-wing, Mr MA Fung-kwok and Mr POON Siu-ping voted for the amendment.

Mr Albert HO, Mr Tommy CHEUNG, Mr Frederick FUNG, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr Charles Peter MOK, Mr Dennis KWOK, Mr IP Kin-yuen and Mr CHUNG Kwok-pan voted against the amendment.

Dr LAU Wong-fat, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LEUNG Ka-lau, Mr NG Leung-sing, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr Martin LIAO, Mr TANG Ka-piu, Ir Dr LO Wai-kiwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Paul TSE, Mr CHAN Han-pan, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Ronny TONG, Ms Cyd HO, Mrs Regina IP, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr Michael TIEN, Mr James TIEN, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

Mr WONG Kwok-hing, Dr Priscilla LEUNG and Miss Alice MAK abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 30 were present, seven were in favour of the amendment, 11 against it and 12 abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, eight were in favour of the amendment, 19 against it and three abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MR ANDREW LEUNG (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Universal retirement protection system" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Andrew LEUNG be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Universal retirement protection system" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you may move your amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Dr Fernando CHEUNG's motion be amended.

Mr WONG Kwok-hing moved the following amendment: (Translation)

"To add "since the 1970s, Hong Kong has started to discuss the universal retirement protection system; the Hong Kong Federation of Trade Unions ('FTU') advocated the establishment of a central provident fund as early as

1986, and in 1992 FTU further put forward an integrated retirement protection plan; however, to date, Hong Kong has yet to put in place a universal integrated retirement protection scheme, so" after "That"; to add "still" after "elderly poverty in Hong Kong is"; to add "and sustainable" after "to be effective"; to add "integrated" after "establish a universal"; to delete "an implementation timetable" after "public consultation, and setting" and substitute with "a timetable for implementation within the term of the current Government"; to add "integrated" after "implementation of a universal"; and to delete "refrain from introducing" before "any asset and income test" and substitute with "exempt elderly persons aged 70 or above from"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing to Dr Fernando CHEUNG's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mrs Regina IP rose to claim a division.

PRESIDENT (in Cantonese): Mrs Regina IP has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Mr Frederick FUNG, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen and Mr TANG Ka-piu voted for the amendment.

Mr Tommy CHEUNG, Dr Joseph LEE, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Martin LIAO and Mr CHUNG Kwok-pan voted against the amendment.

Dr LAU Wong-fat, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr MA Fung-kwok, Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr POON Siu-ping, Ir Dr LO Wai-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr CHAN Chi-chuen, Miss Alice MAK, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr TAM Yiu-chung, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr Paul TSE, Mr Gary FAN, Mr CHAN Han-pan, Dr Fernando CHEUNG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 31 were present, seven were in favour of the amendment, eight against it and 16 abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, 13 were in favour of the amendment, three against it and 14 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr CHAN Kin-por, you may move your amendment.

MR CHAN KIN-POR (in Cantonese): President, I move that Dr Fernando CHEUNG's motion be amended.

Mr CHAN Kin-por moved the following amendment: (Translation)

"To delete "at present" after "Hong Kong is serious" and substitute with "in recent years"; to delete "at present, the income test under the CSSA scheme is on a household basis, requiring the family members of the elderly persons to sign what is colloquially called a 'bad son statement' to declare not providing support to parents, damaging elderly persons' relationship with their families and depriving them of dignity;" after "resolve the problem of elderly poverty;"; to delete ", which have been proven to be effective retirement protection systems" after "specified purposes" and substitute with "; besides, the number of elderly persons in Hong Kong will continue to increase, and the elderly dependency ratio and economic dependency ratio in Hong Kong will also rise sharply"; to delete "refrain from introducing any" after "implementation of a universal retirement protection scheme," and substitute with "introduce a more lenient"; to delete "for the scheme to serve as a transitional measure leading to the universal retirement protection scheme" after "in order" and substitute with "to make sure that the scheme can focus on elderly persons with genuine needs and ensure the sustainability of the scheme"; and to delete "immediately allow elderly persons to apply for CSSA on an

individual basis, exempting their family members from having to make any declaration arrangement for not providing support to them" immediately before the full stop and substitute with "at the same time, review the application arrangements for elderly persons under the CSSA system to ensure that elderly persons in need of financial assistance get appropriate support"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHAN Kin-por to Dr Fernando CHEUNG's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr CHAN Kin-por rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Kin-por has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Dr Joseph LEE, Mr WONG Ting-kwong, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Kwok-him, Mr Steven HO, Mr YIU Si-wing, Mr POON Siu-ping and Mr Tony TSE voted for the amendment.

Mr Albert HO, Mr James TO, Mr Tommy CHEUNG, Mr Frederick FUNG, Dr LAM Tai-fai, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen, Mr Martin LIAO, Mr TANG Ka-piu and Mr CHUNG Kwok-pan voted against the amendment.

Dr LAU Wong-fat, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr NG Leung-sing, Mr MA Fung-kwok, Mr Kenneth LEUNG, Mr Christopher CHEUNG and Ir Dr LO Wai-kwok abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr CHAN Han-pan, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mrs Regina IP, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr Michael TIEN, Mr James TIEN, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

Dr Priscilla LEUNG and Mr Paul TSE abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 31 were present, nine were in favour of the amendment, 14 against it and eight abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, seven were in favour of the amendment, 21 against it and two abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Michael TIEN, you may move your amendment.

MR MICHAEL TIEN (in Cantonese): President, I move that Dr Fernando CHEUNG's motion be amended.

Mr Michael TIEN moved the following amendment: (Translation)

"To delete "the problem of elderly poverty in Hong Kong is serious at present, and according to a study of the Hong Kong Council of Social Service, in the first half of 2011, 33.4% of the elderly were households in poverty, with the elderly population in poverty reaching 290 000, but the existing Comprehensive Social Security Assistance ('CSSA') scheme and Old Age Allowance ('OAA') of the Government cannot resolve the problem of elderly poverty; at present, the income test under the CSSA scheme is on a household basis, requiring the family members of the elderly persons to sign what is colloquially called a 'bad son statement' to declare not providing support to parents, damaging elderly persons' relationship with their families and depriving them of dignity; according to the survey findings published by Oxfam Hong Kong in 2010, some 160 000 eligible elderly persons in Hong Kong did not receive CSSA; on the other hand, the amount of OAA is insufficient to maintain a basic living; at present, various advanced countries or regions around the world, including Canada, New Zealand, South Korea and Taiwan, have put in place universal retirement protection in the forms of social insurance and special funds earmarked for specified purposes, which have been proven to be effective retirement protection systems" after "That" and substitute with "government statistics indicate that the ageing of Hong Kong population will be increasingly serious in the next 30 years, with a sharp

increase in the overall dependency ratio; if Hong Kong's welfare policy is based on the use of the tax money paid by the current working population to meet the welfare spending on the increasingly ageing population, it will indirectly cause the next generation to face economic difficulties; since egalitarianism is not the sole means to promote social justice, the authorities should focus resources on the neediest, assisting them in improving their quality of life on the one hand and ensuring the proper use of public money on the other; hence, the authorities should use Mandatory Provident Fund ('MPF') as the basis of a retirement protection system, and subsidize those who cannot benefit from the MPF System"; and to delete "(b) expeditiously establish a universal retirement protection commission with responsibilities including formulating the contents of a proposal, conducting public consultation, and setting an implementation timetable; (c) before the implementation of a universal retirement protection scheme, refrain from introducing any asset and income test for the newly proposed 'Old Age Living Allowance Scheme', in order for the scheme to serve as a transitional measure leading to the universal retirement protection scheme; and (d) immediately allow elderly persons to apply for CSSA on an individual basis, exempting their family members from having to make any declaration arrangement for not providing support to them" immediately before the full stop and substitute with "(b) comprehensively review and enhance the management system for MPF, so as to turn this system into the basis of retirement protection; and (c) with the 'three-tiered retirement protection system' put forward by Professor Nelson Chow of the Department of Social Work and Social Administration of the University of Hong Kong as the basis of discussion, conduct studies on a multi-tiered system of livelihood protection for the elderly, propose to dispense with means test for the first-tiered subsidy under the principle of respecting the elderly, and introduce means test above the first tier for providing different amounts of financial assistance to needy persons, with the ultimate hope that every elderly person in Hong Kong can depend on his or her own savings and government assistance to live the twilight years with dignity".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Michael TIEN to Dr Fernando CHEUNG's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Michael TIEN rose to claim a division.

PRESIDENT (in Cantonese): Mr Michael TIEN has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. Dr CHIANG Lai-wan, what is your point?

(After Dr CHIANG Lai-wan had indicated that she could not vote, Mr IP Kwok-him sitting beside her offered assistance)

DR CHIANG LAI-WAN (in Cantonese): I can vote now.

PRESIDENT (in Cantonese): If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Tommy CHEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Kwok-him, Mr Steven HO, Mr Frankie

YICK, Mr YIU Si-wing, Mr Martin LIAO, Mr CHUNG Kwok-pan and Mr Tony TSE voted for the amendment.

Mr Albert HO, Mr James TO, Mr Frederick FUNG, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping and Mr TANG Ka-piu voted against the amendment.

Dr LAU Wong-fat, Dr Joseph LEE, Dr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr NG Leung-sing, Mr MA Fung-kwok, Mr Christopher CHEUNG and Ir Dr LO Wai-kwok abstained.

Geographical Constituencies:

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN, Mr James TIEN, Mr CHAN Han-pan, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

Mr Paul TSE abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 32 were present, 12 were in favour of the amendment, 11 against it and nine abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, 11 were in favour of the amendment, 18 against it and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Albert HO, you may move your amendment.

MR ALBERT HO (in Cantonese): President, I move that Dr Fernando CHEUNG's motion be amended.

Mr Albert HO moved the following amendment: (Translation)

"To delete "refrain from introducing any asset and income test for the newly proposed 'Old Age Living Allowance Scheme'" after "implementation of a universal retirement protection scheme," and substitute with "exempt elderly persons aged 70 or above from any asset and income test under the newly proposed 'Old Age Living Allowance Scheme', and treat it as a short- and medium-term scheme"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Albert HO to Dr Fernando CHEUNG's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Albert HO rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert HO has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Mr James TO, Mr Frederick FUNG, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen and Mr TANG Ka-piu voted for the amendment.

Mr Tommy CHEUNG, Dr Joseph LEE, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Martin LIAO and Mr CHUNG Kwok-pan voted against the amendment.

Dr LAU Wong-fat, Dr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr POON Siu-ping, Ir Dr LO Wai-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Miss Alice MAK, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr TAM Yiu-chung, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr Paul TSE, Mr CHAN Han-pan, Dr Fernando CHEUNG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 32 were present, eight were in favour of the amendment, 10 against it and 14 abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, 14 were in favour of the amendment, three against it and 13 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr Gary FAN, you may move your amendment.

MR GARY FAN (in Cantonese): President, I move that Dr Fernando CHEUNG's motion be amended.

Mr Gary FAN moved the following amendment: (Translation)

"To delete "and" after "leading to the universal retirement protection scheme"; and to add "; and (e) split CSSA and OAA into two independent application items and allow the elderly to apply for CSSA and OAA at the same time, in order that elderly CSSA recipients may also benefit when the Government raises OAA in the future" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Gary FAN to Dr Fernando CHEUNG's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Mr James TO, Mr Frederick FUNG, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr IP Kin-yuen and Mr TANG Ka-piu voted for the amendment.

Mr Tommy CHEUNG, Dr Joseph LEE, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Martin LIAO and Mr CHUNG Kwok-pan voted against the amendment.

Dr LAU Wong-fat, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr Christopher CHEUNG, Mr POON Siu-ping, Ir Dr LO Wai-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Ms Emily LAU, Mr WONG Kwok-hing, Mr Paul TSE, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Miss Alice MAK, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr TAM Yiu-chung, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Mr Alan LEONG, Mr CHAN Han-pan, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 32 were present, seven were in favour of the amendment, 10 against it and 15 abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, 12 were in favour of the amendment, four against it and 14 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, you may now reply and you have five minutes 39 seconds.

DR FERNANDO CHEUNG (in Cantonese): Just now, the Secretary pointed out that Members had three fallacies, saying that all the funds at the SAR Government's disposal amount to only some \$630 billion in our fiscal reserve — I hope that this figure given by the Secretary is not in itself a mistake. I believe it may be necessary to ask the officials in charge of finance to do some explaining clearly because according to the figures of the Hong Kong Monetary Authority (HKMA), we have some \$2,300 billion in foreign exchange reserve. President, even if this amount of some \$2,000 billion cannot be used, the Chief Executive of the HKMA said earlier on that the disposable reserve amounted to over \$1,000 billion. However, given the Secretary's claim today, I am not going to argue with him. President, even though this amount of some \$2,000 billion cannot be used, calculating at a 5% rate of return, the annual return is more than \$100 billion.

We keep saying that if retirement pension is issued to the elderly, this would be unsustainable to us and make us go bust. Mrs Regina IP even said just now that some academics had pointed out that the Social Security Trust Fund in the United States would go bust by the end of this century. I do not know which academic said so, but I hope Mrs Regina IP could take a look at the *Forbes Magazine*. I wonder what the Chinese translation of the name of this magazine is. Is it 《福布斯雜誌》? This is a world-renowned international financial magazine and in the issue published on 4 August, there is an article entitled "Why Social Security Cannot Go Bankrupt". It is impossible for social security to go bankrupt and this is basic knowledge because with the existence of the Fund, at the most, it can only be said that since there is not enough to go around, the retirement age or the amount would be adjusted, or the substitution rate would be

changed and these adjustments are essential. There is no system that is formulated so perfectly that it can last forever and for generations, so much so that nothing can be changed. Such a situation can only be found in the case of the SAR Government — not a little bit can be changed and not an inch of ground can be conceded.

We often talk about unsustainability. Just now, I have cited some very simple figures: There are less than 1 million elderly people and if \$3,000 is issued to each of them monthly, the sum involved amounts to only \$30 billion. The funds allocated by the Government annually have already exceeded this amount. Some people held that we would not be able to afford this sum of over \$60 billion and queried if it would be a waste of money to give the money to each elderly person in such a way. Would this be unjust? Would the money be given to rich people? Instead, we think that we have misallocated our precious resources.

There are many concepts that are vague. President, the first point that I wish to raise is that a social security system requires all people to make contributions, so all people can benefit from it and high-income people are also included as contributors. Suppose this is a medical insurance system and all the contributors are patients. In that case, how does this insurance system function? Mr CHAN Kin-por surely has a clear idea of this. The essence of insurance is about offsetting and risk sharing. Therefore, when rich people join the social security or retirement protection system, they are all contributors and we definitely need their participation. If the participants are all low-income people, in that event, by the time they reach 65 years of age, where can we get the money to issue \$3,000 to each of them? We precisely want the participation of all people. In that case, everyone can get a share. This is not egalitarianism; rather, this is the identity of a citizen and the commitment made by society to its people.

Today, we talked about the so-called citizenship. It means after entering this society, everyone can get a share. Just now, Mrs Regina IP said that she wanted to challenge what is meant by "universal". She had no share because she is not a member of the United States. She only studied there, so what has the retirement protection there got to do with her? She did not go into retirement there, so how could she have a share? Of course, she cannot. She is a Hong Kong resident and we want to draw up Hong Kong's retirement protection

system. How can overseas visitors or foreigners coming to Hong Kong for study get a share? This is unjustified.

This is the meaning of universal. Take me as an example, I once worked there and have American citizenship, so I can have a share. In that case, what is meant by universal? My wife has never worked there, but she also has a share.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr Fernando CHEUNG be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

PRESIDENT (in Cantonese): Mr IP Kwok-him has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr Albert HO, Mr James TO, Mr Frederick FUNG, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen and Mr TANG Ka-piu voted for the motion.

Mr Abraham SHEK, Mr Tommy CHEUNG, Dr Joseph LEE, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Martin LIAO and Mr CHUNG Kwok-pan voted against the motion.

Dr LAU Wong-fat, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kiwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Steven HO, Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr POON Siu-ping, Ir Dr LO Wai-kiwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the motion.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the motion.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Paul TSE, Mr CHAN Han-pan, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 31 were present, nine were in favour of the motion, nine against it and 13 abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, 18 were in favour of the motion, four against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was negatived.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 31 October 2012.

Adjourned accordingly at thirteen minutes past Twelve o'clock.