

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 3 June 1987****The Council met at half-past Two o'clock****PRESENT**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR DAVID CLIVE WILSON, K.C.M.G.

THE HONOURABLE THE CHIEF SECRETARY

MR. DAVID ROBERT FORD, L.V.O., O.B.E., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. PIERS JACOBS, O.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL

MR. MICHAEL DAVID THOMAS, C.M.G., Q.C.

THE HONOURABLE LYDIA DUNN, C.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, C.B.E., J.P.

THE HONOURABLE PETER C. WONG, C.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, O.B.E., J.P.

THE HONOURABLE HU FA-KUANG, O.B.E., J.P.

THE HONOURABLE WONG PO-YAN, O.B.E., J.P.

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.

SECRETARY FOR DISTRICT ADMINISTRATION

THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, O.B.E., J.P.

THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, J.P.

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

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN, J.P.

THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.

THE HONOURABLE YEUNG PO-KWAN, C.P.M., J.P.

THE HONOURABLE KIM CHAM YAU-SUM, J.P.

THE HONOURABLE JOHN WALTER CHAMBERS, O.B.E., J.P.

SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE JACKIE CHAN CHAI-KEUNG

THE HONOURABLE CHENG HON-KWAN

THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.

DR. THE HONOURABLE CHIU HIN-KWONG

THE HONOURABLE CHUNG PUI-LAM  
THE HONOURABLE THOMAS CLYDESDALE  
THE HONOURABLE HO SAI-CHU, M.B.E., J.P.  
THE HONOURABLE HUI YIN-FAT  
THE HONOURABLE RICHARD LAI SUNG-LUNG  
DR. THE HONOURABLE CONRAD LAM KUI-SHING  
THE HONOURABLE DESMOND LEE YU-TAI  
THE HONOURABLE LIU LIT-FOR, J.P.  
THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.  
THE HONOURABLE PANG CHUN-HOI, M.B.E.  
THE HONOURABLE POON CHI-FAI  
PROF. THE HONOURABLE POON CHUNG-KWONG  
THE HONOURABLE HELMUT SOHMEN  
THE HONOURABLE TAI CHIN-WAH  
THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING  
THE HONOURABLE TAM YIU-CHUNG  
DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.  
THE HONOURABLE ANDREW WONG WANG-FAT  
THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.  
THE HONOURABLE GRAHAM BARNES, J.P.  
SECRETARY FOR LANDS AND WORKS  
THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.  
SECRETARY FOR SECURITY  
THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.  
SECRETARY FOR TRANSPORT  
THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, J.P.  
SECRETARY FOR TRADE AND INDUSTRY  
THE HONOURABLE MICHELANGELO PAGLIARI, J.P.  
SECRETARY FOR EDUCATION AND MANPOWER (*Acting*)

**ABSENT**

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.  
THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.  
THE HONOURABLE DAVID LI KWOK-PO, J.P.  
THE HONOURABLE SZETO WAH

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR. LAW KAM-SANG

**Papers**

The following papers were laid pursuant to Standing Order 14(2):

<i>Subject</i>	<i>L.N.No.</i>
Subsidiary Legislation:	
Road Traffic Ordinance Road Traffic (Registration and Licensing of Vehicles) (Amendment) Regulations 1987 .....	147/87
Audit Ordinance Audit (Director's Salary) Order 1987 .....	148/87
Kowloon-Canton Railway Corporation By-Laws Kowloon-Canton Railway (Restricted Area) (No.3) Notice 1987.....	149/87
Public Health and Municipal Services Ordinance Pleasure Grounds (Regional Council) (Amendment) By-Laws 1987 .....	150/87
Public Health (Animals and Birds) Ordinance Regulation of Movement of Dogs Order 1987 .....	151/87
Inland Revenue Ordinance Inland Revenue (Interest Tax) (Exemption) (Amendment) (No.4) Notice 1987 .....	152/87
Tax Reserve Certificates (Fourth Series) Rules Tax Reserve Certificates (Rate of Interest) (No.4) Notice 1987 .....	153/87

**Oral answers to questions****Recruitment and training of simultaneous interpreters and translators**

1. MR. CHEUNG asked (in Cantonese): *With the development of representative government in Hong Kong, the work of the various councils and boards has become increasingly heavy. On the other hand local contacts with the Mainland Chinese have also become more frequent. As a result, there is a great demand for simultaneous interpreters and translators. In this regard, will Government inform this Council whether it has any short-term and long-term plans for the recruitment and training of staff in this area?*

CHIEF SECRETARY: Sir, the recruitment and training of simultaneous interpreters and chinese language officers have been stepped up in recent years to cope with the increasing demand for their services.

The number of simultaneous interpreters has increased from seven in 1983 to 16 in June 1987. The number of chinese language officers has increased from 343 to 508, over the same period.

There are presently three vacant posts of simultaneous interpreters and 57 vacancies of chinese language officers. Recruitment is underway to fill these posts. The large number of vacancies in the chinese language officers grade is a reflection of the high rate which new posts are created to meet the demand for translation work. As a result, recruitment exercises are carried out twice each year.

The response to the recruitment of chinese language officers has been good but good simultaneous interpreters, particularly for interpretation from English to Putonghua, are in short supply. Beginning last year, a special programme was introduced to train civil servants with potential to become simultaneous interpreters with a view to a transfer on satisfactory completion of the training programme.

Because of the increased demand for Putonghua interpretation, a special cadre of 17 chinese language officers has been formed to provide this service for high level meetings such as the Joint Liaison Group and Land Commission meetings.

Both simultaneous interpreters and chinese language officers receive on the job training supplemented by tutorials, seminars and lectures. New chinese language officers attend a part time day-release basic training of 12 months. Overseas training is also provided where appropriate. For example, two senior chinese language officers are now on attachment to the Conference Interpretation Services of the European Commission to widen their exposure and enhance their skills. There are plans, Sir, to invite overseas experts in conference interpretation to come to Hong Kong to train our chinese language officers.

MR. CHEUNG (in Cantonese): *Sir, has the shortage of interpreters and translators affected the work of the Government and various committees?*

CHIEF SECRETARY: Sir, I agree with my hon. Friend that there is indeed a growing requirement for interpreters and translators within the Government; indeed the number of boards that we are servicing at present runs to 252. But as I have explained, we are increasing the recruitment on a regular basis; we are expanding the establishment of the grade both in terms of simultaneous interpreters and in terms of chinese language officers. We estimate that the growth rate over the coming years will be about 10 per cent. We believe we can meet this demand.

MRS. TAM (in Cantonese): *Sir, will the Government inform this Council what is the Government's long-term policy on language, because such a long-term policy will have direct bearings on the recruitment and training of translators and interpreters?*

CHIEF SECRETARY: Sir, as Members will know, since 1974, Chinese has become an official language in Hong Kong. Although English is still used largely for the internal business of Government, Chinese is increasingly used in communication with the public and in many boards and committees. But Hong Kong, Sir, is an international city. The Joint Declaration provides that, in addition to Chinese, English may also be used in the offices of Government and in the courts in the Hong Kong Special Administrative Region. We believe, Sir, the continuing use of English in business and Government is important in maintaining the international character of the Territory. We need to make sure therefore that the standards of both English and Chinese are upheld. That will be the objective of our long-term language policy of the future.

DR. TSE (in Cantonese): *Sir, in the Government's view, are the conditions of service for simultaneous interpreters good enough to attract people to join the grade of simultaneous interpreters?*

CHIEF SECRETARY: Sir, we have recently carried out a review of the terms of service of simultaneous interpreters. It is true that they are in short supply particularly from Putonghua into English. But the service conditions which we offer are considered to be adequate to meet the market needs and we hope that with our internal training programme, we will be able to expand in line with the growth that I have indicated over the years ahead.

MR. YEUNG: *Sir, will the Secretary state whether adequate support has been given to the relevant departments of the tertiary institutions in the training of translators and also simultaneous interpreters?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, as far as I am aware, no requests have been made to the Government for the provision of training facilities of this level for this precise specialty. But were any such request come forward, then it will receive careful consideration.

### **Provision of secondary school places in the New Territories (East)**

2. MR. ANDREW WONG asked: *Will Government inform this Council when was the problem of a serious shortage of secondary school places in the New Territories (East) first detected and what actions have been taken since then to cope with this problem?*

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the Government's policy as regards the provision of secondary school places is to provide sufficient public sector places in the Territory as a whole to meet total demand for junior secondary education and to meet approved targets for senior secondary and sixth form places.

Because of the concentration of existing schools in the urban areas and the rapid expansion of the new towns and consequent movement of population to them, it is inevitable that there will be a shortage of secondary school places in the new towns and a corresponding surplus of places in the urban areas. The Government has been aware of these imbalances for some time and considers them to be acceptable provided that the number of students involved is not excessive, provided that the distances involved in getting to school are not too great and that convenient public transportation is available.

Certain measures are taken as a matter of routine to prevent these imbalances from becoming too great. In particular new schools being built to cater for expanding demand territory-wide are located, wherever possible in areas where the shortage of places is greatest, with priority being given to remote and isolated districts. In addition, the Secondary School Places Allocation System tries to ensure that a student is allocated a place in an area as close as possible to his home or in a location conveniently served by public transport. Unfortunately, Sir, these routine measures do not always prevent serious imbalances from occurring.

The emergence of a serious shortage of secondary places in the New Territories (East) came to light in mid-1985 when the Government considered the location of the 35 additional secondary schools to be built in the period 1987-93 as recommended by the Education Commission as part of a package of measures designed to permit the phasing-out of the Junior Secondary Education Assessment in 1991. It was therefore decided to allocate 11 of the 35 additional secondary schools to the eastern New Territories (eight to Sha Tin, two to Tai Po and one to Fanling). At the same time consideration was being given to further measures to cope with the known problem in Tuen Mun and these measures were introduced last year after consultation with the Board of Education. Sha Tin was not at that time considered to be as serious a problem as Tuen Mun because of the availability of mass transportation to adjacent districts in north Kowloon with surplus places.

Nevertheless, the problems of eastern New Territories were sufficiently acute to cause the Government to immediately begin planning for the reprovisioning of 11 sub-standard schools from the urban areas to New Territories (East) by 1992—this, I must say, in addition to the 11 schools allocated to this area which I mentioned earlier.

Updated population projections by age and district became available early last year and these revealed that the shortfall of Secondary 1 places in the eastern New Territories would be significantly higher than previously indicated, rising to some 5 900 Form I places by 1993 despite the building programme for 11 new schools and the intended reprovisioning of a further 11 schools.

The Education Department therefore worked out a number of short-term remedial measures for Sha Tin similar to those applied successfully in Tuen Mun last year. These are:

- (1) reduction in the percentage of discretionary places from 10 per cent to 5 per cent;
- (2) adoption of a new class structure in existing schools and in all new schools;
- (3) advancement of the completion date for new schools; and
- (4) advancement of the opening of new schools;

In addition and most importantly, a construction programme is proposed for a further 12 secondary schools by 1993 in this area.

The combination of these measures will hold the shortfall in Form I places within tolerable limits for the next three years and reduce it thereafter, with its complete elimination by 1993.

Much, however, will depend on the accuracy of our population projections as any alteration in the rate of build-up of population in the area or in the age group mix will inevitably affect the shortfall position. The 1986 by-census figures are expected to be available this summer and should give a clearer picture. Present indications are that the relevant projections will be lower than previous forecasts, which should result in an earlier solution to the problems facing New Territories (East) if the build up of new housing in New Territories (East) follows the revised pattern. If, however, the reverse turns out to be the case, we will consider further reprovisioning of schools from the urban area to New Territories (East).

MR. ANDREW WONG: *Sir, will the Secretary kindly confirm if the proposed construction programme for the further 12 secondary schools is for New Territories (East) only and if not, or even if so, can the Secretary be confident that the predicted shortfall for Form I places by 1993 which is forecast to be 5 906 will be completely eliminated?*

SECRETARY FOR EDUCATION AND MANPOWER: *Sir, I am always very careful about predicting anything with certainty when one is talking six years' ahead in Hong Kong. However, I can confirm the precise point asked by Mr. WONG that the 12 additional schools being contemplated at this stage are exclusively for New Territories (East). With them, our population projections at present show that in 1993, we will have a small marginal surplus of places in New Territories (East), but as I said in my main reply, much will depend on the rate of build-up in that area.*

MR. POON CHI-FAI (in Cantonese): *Sir, in 1985, the Government suggested that 35 new secondary schools would be built and at that time mention was made of a regular review. Will the Government inform this Council of the present position regarding the 35 schools, their locations and the time of construction and whether there have been any revision?*

SECRETARY FOR EDUCATION AND MANPOWER: A review mechanism was indeed set up at the time that the distribution of those 35 schools was agreed. That mechanism consists of a working group which comprises members of my branch, of the Education Department, of the Lands and Works Branch which keeps under constant review changes in the development of the Territory as a whole. There have been no changes since the distribution of those additional 35 schools was made in 1985.

MR. DESMOND LEE (in Cantonese): *Sir, I would like to refer to paragraphs 5, 6 and 9 of the answer. There are five subsidised schools in urban areas that would be moved to Yuen Long and Tuen Mun between 1989 to 1991. Can these schools be moved to Sha Tin so that in 1987 and 1988, students from Sha Tin can attend the schools? These schools are located along the railway and if these new schools are in Sha Tin, the students can continue their studies in the same school, so that there will be better transition in the students' school life.*

SECRETARY FOR EDUCATION AND MANPOWER: This is an eminently sensible suggestion, Sir, which we will certainly look at. May I just say that it is extremely difficult to persuade any school to move anywhere and considerable effort has gone into securing the agreement of the schools to move to Tuen Mun. None the less I do take the point that Mr. LEE has mentioned and we will look at that.

MR. TAI: *Sir, as regards the Secretary's reply in paragraph 7, could the Secretary inform this Council whether the short-term remedial measure would affect the quality of the education being offered?*

SECRETARY FOR EDUCATION AND MANPOWER: There are no indications that the remedial measures suggested which as I said are identical to those put in place in Tuen Mun last year would have any adverse effects in Sha Tin as indeed they did not in Tuen Mun.

MRS. NG (in Cantonese): *Sir, with reference to paragraph 7 which talks about the new class structure, can I be given some details; and what are the comments of people in the education field on the new class structure?*

SECRETARY FOR EDUCATION AND MANPOWER: The new class structure suggested for existing schools would be to add one additional floating class to the present traditional structure of 666-44-22 secondary school. I think it is safe to say that we did learn a little lesson from the Tuen Mun exercise last year where we added two additional floating classes. We have therefore reduced it to one additional class in the case of Sha Tin.

**'Foreign economic relations'**

3. MR. SOHMEN asked: *Would Government consider combining all activities generally referred to as 'foreign economic relations' within one department rather than having them split between several branches, as is now the case, bearing in mind that a concentration of activities of this kind could be beneficial in government dealings with other countries?*

FINANCIAL SECRETARY: Sir, three branches of the Government Secretariat, namely the Economic Services Branch, the Trade and Industry Branch and the Monetary Affairs Branch, have responsibility for foreign economic relations that impinge on their respective areas of work. Activities on negotiation in these areas are an integral part of the work of each branch and are best dealt with by the policy secretary responsible in any particular case.

As Financial Secretary I hold overall responsibility in relation to the work of the three branches and there is close liaison and co-ordination between them. Mr. SOHMEN's question has highlighted the need to ensure that this liaison and co-ordination of activities is adequate, and I have taken steps to ensure that this is so. I am grateful to Mr. SOHMEN for his thoughtful and constructive suggestion.

MR. SOHMEN: *Sir, could the Financial Secretary be a little more explicit in explaining in detail what actions he has taken so far to strengthen the existing position and what actions, if any, he is contemplating to make it even more perfect in future?*

FINANCIAL SECRETARY: Perfection on perfection! So far, Sir, I have directed the responsible policy secretaries to formally consult with each other and with any other departments or branches of Government in order to ensure that in entering into any negotiations or dealings, they have not left out or ignored any point of leverage, contact or information which could be used to Hong Kong's advantage. I am also contemplating the possibility of some cross-fertilisation of talent so that officers in one policy branch would have some exposure to the work of other policy branches. I would like to see our building up within the Administration a core of officers who have quite broad experience in international negotiations of an economic character.

MR. CHEONG-LEEN: *Sir, to improve liaison and co-ordination and even cross-fertilisation of ideas, isn't there some merit in the Financial Secretary considering combining all three branches, that is: the Economic Services Branch, Trade and Industry Branch and Monetary Affairs Branch under one branch, that is, Economic Development Branch?*

FINANCIAL SECRETARY: Sir, in the past, of course, we only had six policy branch secretaries. As the workload developed, we split them and we distributed schedules. I think if you are trying to combine all these functions under one

policy branch, that policy branch will be heavily overburdened and it would be quite difficult for the officers in that branch to build up the necessary detailed expertise. As I said in my principal answer, the three branches involved work to me, and although I do not claim to have total expertise in all subjects, I am in a position to bring about some co-ordination of ideas and policy.

### Written answers to questions

#### Anti-narcotics preventive education and publicity programme

4. MRS. FAN asked: *What plan does the Government have to strengthen the existing programme of preventive education and anti-narcotics publicity directed at young people and, in particular, will consideration be given to extending the coverage of the school talks team established in 1984 to primary schools in the Territory?*

SECRETARY FOR SECURITY: Sir, the main thrust of the Government's anti-narcotics preventive education and publicity programme has always been directed at young people. In the past four years, the number of young people newly reported to the Central Registry of Drug Abuse has gone down significantly, from 1 121 in 1983 to 783 in 1986. The most commonly abused drug among these people is heroin. But there are now indications that more young people have been abusing such psychotropic substances as mandrax and cannabis in the last two years or so. In view of this development, the Government has accepted the advice given by the Action Committee Against Narcotics that the preventive education and publicity programme regarding the dangers of these drugs should be intensified. Specifically, the following measures have either been taken or will be taken in the current financial year:

- (a) more frequent broadcasts of existing announcements of public interest (APIs) on psychotropic substances in general, and the planned production of new APIs on mandrax and cannabis;
- (b) placing large posters relating to psychotropic substances at conspicuous places such as MTR and KCR poster sites and the production of more posters some of which may be put up at places frequented by young people, for example in billiard rooms and video games centres;
- (c) encouraging young people to participate in the Youth Against Drugs Scheme;
- (d) including in the school teaching kit an information sheet on psychotropic substances;
- (e) producing a similar information leaflet for young people and parents;
- (f) strengthening the content of school talks given by the school talks team by including more information on the physical, social and legal consequences of abusing these drugs; and
- (g) expanding the school talks team.

As to the question whether consideration will be given to extending the coverage of the school talks team to primary schools in the Territory, the answer

is 'no'. The Government established the school talks team in February 1984 to give drug education talks to secondary school students aged between 12 and 15 in Form I to Form III classes. The object of the team is to reach all young secondary school students before any of them leave at the age of 15 after the nine-year period of compulsory education. Those who leave school at this early age are considered to be more vulnerable to undesirable influences than those still attending school. School talks are aimed at giving students a good understanding of the drug problem and the dangers of drug abuse. In February this year, the team completed its first cycle of talks in junior secondary schools after giving about 600 talks to some 200 000 students in the Territory. Having recently reviewed the activities of the team, ACAN advised that the school talks programme should be expanded to cover students in Forms IV and V as well. Accordingly, plans are in hand to acquire additional resources. There is no plan at this stage to extend the coverage of the school talks team to primary schools. The view is that drug education should more appropriately be provided for parents of children of such a young age. Accordingly, parent seminars and family camps are organised from time to time. In addition, drug education is being promoted in Primary 6 classes through the teaching of health education.

#### **Subventions for central administration expenses**

5. DR. IP asked: *With regard to applications by subvented organisations for subsidies to cover central administration costs, will Government inform this Council what is the policy in respect of such subvention given to the different types of organisations in the welfare, medical and education fields; how many applications for such subsidies have been received in the last five years and how many of them have been successful; and whether the Government has any plan to review the overall policy for this type of subvention?*

SECRETARY FOR HEALTH AND WELFARE: Sir, subventions are provided by the Social Welfare Department towards the administrative costs of running the headquarters of multi-service agencies and the Hong Kong Council of Social Services. Lump sum grants are given and the level of subvention varies from one agency to another. Due to differences in the historical background, the pattern of administration, and the size, range and complexity of the various services, it has not been possible to use the standard cost approach in assessing these subventions. Under the lump sum grant system, agencies are given the discretion to decide for themselves the number and rank of staff employed and how the subvention should be used to suit their operations.

In 1983-84, 33 subvented welfare agencies received subventions towards central administration expenses. From 1984-85 to 1986-87, 34 agencies were so subvented. For 1987-88, 36 agencies have been granted subventions for the same purpose. The success or otherwise of new applications for such subventions depends on the merits of the case and the availability of funds for that year.

The Director of Social Welfare is now reviewing the basis for subventing central administration expenses with a view to rationalising the methodology and devising standards for assessing the level of subvention.

In the medical field, the general policy is to subvent only the direct costs of providing various medical services. For historical reasons, there are two minor departures from this general rule. No new application for subvention of central administration expenses has been received in the past five years and the Director of Medical and Health Services has no plan to review the existing policy.

It is not the policy of the Education Department to subvent the central administrative costs of voluntary agencies operating schools, and there are no plans to review this policy.

## **Government Business**

### **Motion**

#### **ROAD TRAFFIC ORDINANCE**

THE SECRETARY FOR TRANSPORT moved the following motion: That the period for which there remains in force the limit on the number of vehicles which may be registered as public light buses specified in the Public Light Buses (Limitation on Number) Notice 1986 published as Legal Notice No.146 of 1986, be extended to 20 June 1989.

He said: Sir, I rise to move the motion standing in my name on the Order Paper. Under section 23(3) of the Road Traffic Ordinance (Chapter 374), a period is specified during which the number of vehicles, which may be licensed as public light buses, is limited. This motion proposes that the period be extended for two years, up to 20 June 1989.

The effect of this extension is that the total number of vehicles which may be registered and licensed as public light buses will remain at 4 350 as ordered by the Governor in Council on 10 June 1986.

Sir, I beg to move.

*Question put and agreed to.*

### **First Reading of Bill**

#### **PENSION BENEFITS BILL 1987**

*Bill read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).*

## Second Reading of Bills

### PENSION BENEFITS BILL 1987

THE CHIEF SECRETARY moved the Second Reading of: 'A Bill to make provision for the granting of pension benefits in respect of the public service, and for purposes connected therewith'.

He said: Sir, I move the Second Reading of the Pension Benefits Bill 1987.

The Bill provides for the introduction of a new pension scheme for the Civil Service and for amendments, largely consequential, to existing Ordinances containing references to pension matters.

The existing civil service pension scheme has been in operation since 1949 and, in recent years, it has begun to show its age. Following requests from staff, a review was therefore undertaken which confirmed that the present pension arrangements were in need of modernisation. In the light of this review, a new scheme was devised which it was felt was more in keeping with the requirements of the Hong Kong Civil Service of today.

The new pension scheme as originally devised was put to staff in August 1985. After extensive consultation, a number of modifications were made to produce the pension scheme which forms the subject of the first 35 clauses of the Bill now before this Council. Because after 1997 pensions will be the responsibility of the future SAR Government, the Chinese authorities have been informed of the new pension scheme in its present form and have indicated that they find it fully acceptable.

So the main elements of the scheme are as follows:

First, the normal age of retirement is raised from 55 to 60. The present retirement age of 55 is generally too low, having regard to present day working life expectancy.

Secondly, as a consequence to raising the retirement age, the pension earning factor for pensionable staff will be adjusted from 1/600th to 1/675th. In addition, the lower pension factor for the staff other than pensionable staff will be brought into line with that for pensionable staff from a current date. The maximum pension which can be earned will remain at two thirds of final salary.

Thirdly, civil servants will be allowed to commute up to 50 per cent of their pension for a lump sum instead of the present 25 per cent.

Fourthly, civil servants who complete not less than 10 years service will be eligible to receive their earned pension benefits on reaching normal retirement age. At present, unless a civil servant is at the age when he may retire, he forfeits his pension benefits on resignation no matter how long he has served.

Fifthly, special arrangements will be introduced for the disciplined services. Under these arrangements, heads of the disciplined services, or the Governor in the case of directorate staff, will be empowered to prescribe that any grade, rank or category of officer should retire on operational grounds at a specified age between 55 and 60. Where the retirement age is set at below 60, officers retired under these arrangements will receive an enhanced pension.

Sixthly, provision is made for serving officers to be allowed to retire with their pension benefits at any time after reaching the age of 55.

Finally, pensions are made a right rather than a privilege as is the case at present.

The new pension scheme will apply to all officers appointed after the date of its introduction. Serving officers may transfer to the new pension scheme or remain on the existing scheme as they prefer. There is provision in the Bill for the Secretary for the Civil Service not to accept applications to transfer to the new scheme where he considers such action is in the best interests of the public service. However, Sir, applications to transfer to the new scheme would only be rejected in exceptional circumstances: for example, where an officer's performance has been so poor that were it not for the fact that he was on the brink of retirement consideration would have had to be given to his removal from the service.

It is an unfortunate and, I am afraid, unavoidable fact that while the basic provisions of civil service pension schemes are straightforward, the legislation necessary to implement them tends to be technically complex. This is because of all the different circumstances which have to be covered: officers dying, officers retiring through illness, officers transferred from or to other countries, officers retired on disciplinary grounds and so on. However, essentially, clauses 1 to 35 of the Bill do no more than build the elements of the new pension scheme, which I have described, onto an existing foundation of civil service pension principles and practice.

The remaining clauses of the Pension Benefits Bill make amendments to a number of Ordinances:

- (a) to extend the application of these Ordinances to officers who come under the new pension scheme;
- (b) to bring the terms used in the Ordinances and the new Pension Benefits Bill into line;
- (c) to ensure that double benefits are not payable under the existing and new pension schemes in respect of the same period of service; and
- (d) to take account of pensions being made a right.

In addition, amendments have been made to update the provisions of the Ordinances, to introduce improved changes and to remove anomalies.

The principal amendments are to the Pensions Ordinance, which governs the existing pension scheme, to enable it to remain compatible with the new pension scheme and to update its provisions where necessary. For example, the minimum pension for the dependants of officers killed on duty, the level of which was set in 1965, has been increased to a more reasonable sum. Similarly the gratuity payable to officers who are retired after less than 10 years service has been increased from five times to seven times the annual pension. This takes account of the fact that the present rate was set in the 1950s when the pension commutation factor was 10: the present commutation factor is 14.

The Widow's and Children's Pension Ordinance has been amended to update certain of its provisions but principally to ensure that officers who transfer to the new pension scheme continue to be eligible for the level of dependants pension for which they have contributed.

The Pensions (Increase) Ordinance has also been amended to provide for its application to officers on the new pension scheme and to ensure that officers who qualify for a deferred pension receive the benefit of pension increases but only payable on reaching normal retirement age.

Sir, these are the major provisions of the Pension Benefits Bill. I move that the debate on this motion be now adjourned.

*Motion made. That the debate on the Second Reading of the Bill be adjourned.*

*Question put and agreed to.*

## **POWERS OF ATTORNEY (AMENDMENT) BILL 1987**

### **Resumption of debate on Second Reading (20 May 1987)**

*Question put and agreed to.*

Bill read the Second time.

*Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).*

## **OCEAN PARK CORPORATION BILL 1987**

### **Resumption of debate on Second Reading (6 May 1987)**

MR. CHEONG-LEEN: Sir, since the opening of the Ocean Park as an oceanarium in 1977, this institution with the full support of the Jockey Club has given much pleasure and enjoyment to hundreds of thousands of Hong Kong families and tourists alike.

Government has now agreed to the Jockey Club's proposal to divest itself of the Ocean Park, and also to the club's proposal to donate \$200 million by way of an endowment fund.

In effect, after the Bill is enacted, the oceanarium will become an independent statutory body to be known as the Ocean Park Corporation.

An independent evaluation prepared in November 1986 of the financial viability of the Ocean Park for the five-year period up to 30 June 1991 indicated:

- (1) On fairly conservative assumptions, the cash flow projections prepared by the Ocean Park management indicate that it should be able to develop a capital spending programme over five years of \$213 million as approved and planned, plus a further \$33 million yet to be identified.
- (2) The projections relied heavily on attendance assumptions, and that a 10 per cent reduction in attendance could result in deficit cash balances in the fiscal years ending 1989 and 1990. And if attendance falls by over 14 per cent, the fund generated internally would be inadequate to meet planned capital development which would need to be deferred under such circumstances.

It is in the light of this independent evaluation that I welcome the Bill which will enable the corporation to be operated as much as possible on commercial lines, without a continuous call on public funds; and bearing in mind the overall objective of the Ocean Park being run as a 'public recreational and educational park', quoting from the preamble to the Bill.

Attracting a continuously high or adequate attendance level is a major task—sometimes a problem—in all recreational facilities of this nature, not only in Hong Kong but in other parts of the world as well. This will be a tremendous challenge to the new board of the corporation in the years ahead, and current attendance figures and projections will no doubt have to be scrutinised continuously and annually; similarly for any five-year roll-forward programme.

As the Urban Council, and also the Regional Council, are both very much involved in providing recreational facilities and services throughout the Territory, I would suggest that consideration be given to appointing to the new board members from these two councils, preferably to be nominated by the respective councils, or alternatively in an individual capacity. This would assist in reducing duplication and strengthen co-operation among all those parties which are major contributors in the provision of recreational facilities for our 5.5 million population.

Sir, I support the motion.

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, I would like to thank Mr. CHEONG-LEEN for supporting the Bill. I am sure Mr. CHEONG-LEEN's remarks will be taken into account when deciding upon the membership of the Board of the Ocean Park Corporation.

*Question put and agreed to.*

Bill read the Second time.

*Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).*

### **Committee stage of Bills**

Council went into Committee.

### **POWERS OF ATTORNEY (AMENDMENT) BILL 1987**

Clauses 1 and 2 were agreed to.

### **OCEAN PARK CORPORATION BILL 1987**

Clauses 1 to 9, 11 to 29 and 31 to 40 were agreed to.

Clauses 10 and 30

SECRETARY FOR DISTRICT ADMINISTRATION: Sir, I move that clauses 10 and 30 of the Bill be amended as set out in the paper circulated to Members.

As it stands at present, sub-clause (1) to clause 10 provides that at a meeting of the Board of the Ocean Park Corporation, four members shall form a quorum. In order to ensure that the proceedings of the board are representative of the majority view, it is considered appropriate that the size of the quorum be linked realistically to the size of the board's membership. A substitute subclause (1) is therefore introduced to stipulate that a quorum shall consist of a majority of the members for the time being.

Sub-clause (2) to clause 30 states that the Ocean Park Trust Fund shall be administered by the corporation, while sub-clause (2) to clause 23 provides that the corporation shall not delegate any of its functions or powers regarding the fund. However, the corporation is not described specifically in the legislation as the 'Trustee'. In order to avoid any ambiguity of status, I move to amend sub-clause (2) to clause 30 to specify that the corporation is the Trustee of the Ocean Park Trust Fund.

Sir, I beg to move.

*Proposed amendments***Clause 10**

That clause 10 be amended by deleting from subclause (1) '4 members' and substituting the following—  
    'a majority of the members for the time being'.

**Clause 30**

That clause 30 be amended by deleting subclause (2) and substituting the following—

    '(2)The Corporation shall be the trustee of the Fund and shall administer it in accordance with this Part'.

The amendments were agreed to.

Clauses 10 and 30, as amended, were agreed to.

Council then resumed.

**Third Reading of Bills**

THE ATTORNEY GENERAL reported that the

POWER OF ATTORNEY (AMENDMENT) BILL 1987

had passed through Committee without amendment, and the

OCEAN PARK CORPORATION BILL 1987

had passed through Committee with amendments, and moved the Third Reading of the Bills.

*Question put on the Bills and agreed to.*

Bills read the Third time and passed.

**Member's Motion****GREEN PAPER: THE 1987 REVIEW OF DEVELOPMENTS IN REPRESENTATIVE GOVERNMENT**

MISS DUNN moved the following motion: That this Council urges the people of Hong Kong to express their views on the options contained in the Green Paper:

The 1987 Review of Developments in Representative Government by sending them to the Survey Office.

She said: Sir, it is now a week since the Green Paper was published. Already 900 000 copies all told have been put into circulation. Discussion of its contents is now underway throughout the Territory. Voices are being heard and pages of printed comments are being read day by day.

On 15 and 16 July, Members of this Council will debate the Green Paper in this Chamber and express their own views upon it. But in the meantime, and at the outset of this period of consultation, we come together to support the motion standing in my name. We are of one mind in urging the people of Hong Kong to express their views on the Green Paper options by sending them to the Survey Office.

My colleagues and I heard the Chief Secretary emphasise last Wednesday the importance that the Government places on obtaining the widest possible public response to the Green Paper. He stated that it was the Government's intention to encourage a response from the majority of the population who are silent.

I speak for all my fellow Members of this Council who are not part of the Administration in giving our full support to the Government's endeavours. We too urge every member of the community to read the Green Paper, to weigh its contents, to ponder its options and to record his or her views upon them.

There are very good reasons for them to do so. These options matter because they identify the choices to be made in shaping the structure of our government. Changes to our institutions of government cannot be introduced without consulting the people of Hong Kong. But it is not only our right to say what we think, it is also our duty to do so if we care for Hong Kong.

For most people in Hong Kong—as elsewhere—there is quite enough to do and to think about making a living and supporting a family. The theory and practice of government is seen as something too abstract, and irrelevant to our daily lives to be of much concern. As we look around at the unmistakable signs of prosperity and material progress, some may think that this attitude has not done the people of Hong Kong any harm.

But it is no longer right for those who care for Hong Kong to remain indifferent. As we embark upon this important consultation exercise, which points out possible ways forward towards a more representative system of government, the Government must know what the community, as a whole, wants. It needs to be sure that if any reforms are to be introduced, they will have the clear support of the people of Hong Kong behind them. Important changes cannot be made with only thin support or on the basis of what a few articulate voices advocate, or in the face of incoherent opinions. So this is the chance for the views of the community to be heard loud and clear and for the Government to discover what the community wants or does not want.

There are no excuses for remaining silent. Some have suggested that people here will be inhibited from speaking out frankly because of perceptions about the attitude of the Chinese Government. As you, Sir, said last Friday, the Chinese views are not always as simple or one way as the interpretations sometimes put upon them. A large number of different people are putting forward views. But, as you said, it is for the people of Hong Kong to decide themselves what views they think they want to put to Government.

Some have suggested that the Executive Council has already made up its mind what to do without waiting to hear the outcome of this consultation. Nothing could be further from the truth—and I speak as a Member of the Executive Council. The advice you, Sir, will receive in due course will be given, as always, in accordance with the oath each Member of the Council has taken to give counsel and advice to you, Sir, for the good government of Hong Kong and to conscientiously and truly serve the people of Hong Kong. That advice will be tendered by each Member of the Council for your decision. No one Member can speak for others.

So it is that Members of this Council hope that the people of Hong Kong will now focus on the options in the Green Paper and get down to the task of giving their views to the Survey Office. We put our faith in the wisdom and good conscience of the community. It may be that only a few can be articulate advocates. But everyone can be a judge of where the best interests of the community lie.

Sir, I beg to move the motion standing in my name.

CHIEF SECRETARY: Sir, on behalf of my Official Colleagues—and, indeed, the entire Administration—I would like to support whole-heartedly the sentiments expressed by Miss DUNN. The Administration, as well as the independent Survey Office, is doing all it can to encourage the widest possible public response to the Green Paper.

A major effort has been made to ensure that the Green Paper is readily available in all parts of the Territory, and more than three quarters of a million copies have already been taken up by members of the public. In the light of this very encouraging initial response, the Government has already arranged for the printing of additional copies to ensure that stocks do not run out.

For its part, the Survey Office will be sending out over 8 000 letters to district boards, the municipal councils, mutual aid committees, owners corporations and a wide range of other community bodies and professional organisations, specifically inviting them to send in their views on the Green Paper. I am sure that Members will have seen the major effort the Survey Office has made in the past few days to put across its message by advertisements in the press and on television. The Survey Office will also undertake public opinion surveys and a firm with specialist experience in this type of work will shortly be appointed.

The Administration will also be doing whatever it can to assist members of the public who might otherwise have difficulty in making their views heard. Staff of the City and New Territories Administration will, if requested to do so, provide assistance to local bodies by recording minutes of meetings held to discuss the Green Paper, and forwarding them to the Survey Office after they have been confirmed by the organisations concerned.

CNTA staff will also be prepared in general to assist community groups in organising public meetings or seminars to discuss the Green Paper. Furthermore, in special circumstances, if individual members of the public are unable to send in their views in writing but would be prepared to state their views orally, staff of the CNTA will be prepared to record their views and forward them to the Survey Office. In doing so, they will be acting on behalf of the Survey Office, and people whose views are recorded in this way will be asked to check and confirm that the record is correct.

Sir, when I introduced the Green Paper in this Council last Wednesday, I emphasised that all of the options in the Green Paper are genuine options, that the Government has no preconceived ideas and that we will listen to the views of the people of Hong Kong with great care.

The call for the Hong Kong community to speak out has come from people with widely differing points of view and has been taken up strongly and commendably by the media. We are also encouraged by the fact that since the publication of the Green Paper, there is much less support for the idea that this consultative exercise is a waste of time because the views expressed will have little effect on decisions eventually taken by the Government. So the fact is that the opinions expressed on the Green Paper will be fully and fairly reflected in the report of the Survey Office; that report will be published; it will be open to public scrutiny and its contents fully debated in this Council.

When the White Paper is published early in the New Year, the people of Hong Kong will be able to judge for themselves whether the Government has fully taken into account their views when reaching its decisions on the future development of representative government. I trust, therefore, that there is now no doubt in the minds of the public as to Government's commitment to a genuine and open review or to our sincerity in wishing to obtain the widest possible public response to the Green Paper.

Sir, I would like to endorse most strongly Miss DUNN's call for the people of Hong Kong to respond positively to the Green Paper by sending their views to the Survey Office. I realise that the Green Paper is a lengthy document dealing with complex issues, and that the task of digesting its contents and forming views on the options presented is not an easy one. But they are important issues for the future well-being of Hong Kong, and it is incumbent upon all members of this community to consider them carefully, form their own judgment about how they would like to see our systems of representative government develop and, most importantly, make their views known.

Sir, I support the motion.

*Question put and agreed to.*

3.23 pm

### **Adjournment**

*Motion made. That this Council do now adjourn*—THE ATTORNEY GENERAL.

HIS EXCELLENCY THE PRESIDENT: As seven Members have given notice of their intention to speak, I therefore propose to exercise my discretion under Standing Orders to allow Members adequate time to complete their speeches, and also adequate time for the Official Member to reply to those speeches, before putting the question on the adjournment.

### **Social Welfare Subvention Policy**

MR. DESMOND LEE: Sir, although Hong Kong has had outstanding economic achievements, not all people enjoy an equal share of these achievements. As a consequence, social problems exist in many areas. For this reason, social welfare is a service of much importance and today's debate on social welfare subvention policy should have great implications on the future development of the service.

A total of six Members are speaking in this debate. They will be covering an extensive range of topics, including the role of voluntary agencies, categorisation of service, central administration, as well as making general observations.

The standard cost system is supported not only by Members who are speaking today, but also by heads of agencies whom I have consulted. It is, however, observed that the system should be extended to cover all social welfare services and that the application of the system should be improved.

As Hong Kong is a fast growing community, advance planning for the provision of services is difficult. The Government does not have the capacity, nor the flexibility, to cater for the ever-increasing demand in areas such as education and social welfare. Participation by the voluntary centres is essential and, in the case of social welfare, two thirds of the services are taken up by voluntary agencies. The voluntary sector is able to make adjustments and adaptations in response to the changing needs of the community. A bureaucratic structure, like that of the Government, is rigid and is, therefore, unable to respond in the same way.

While the voluntary sector is responsive to community needs, the majority of agencies do not have a regular source of revenue. Only the Government can

collect money from the more affluent section of the community and redistribute some of it to the needy people. In this way, voluntary agencies and the Government have entered into a partnership, whereby agencies provide the services as required and Government makes available the resources. In order to make the partnership successful, a joint enterprise spirit should be established. I do not think this has been achieved and it seems that there is a lack of mutual trust between the voluntary sector and the Social Welfare Department. Heads of a few agencies have claimed that the department often refrains from giving advice when requested, for fear of being blamed for making mistakes. Visits to agencies are sometimes made by personnel whose qualifications are not commensurate with their duties. Information is often obtained by the department from relatively junior staff who do not participate in the management and policy formulation of the agencies. In this way, the standard cost assessment may not meet the actual requirement of the service. As service providers, the voluntary sector would prefer participation in the standard cost setting process and consultation at the appropriate level.

The present funding arrangement does not allow flexibility, either for improvement of quality or extension. For instance, savings which are achieved by appointing staff below midpoint salaries, cannot be used for the employment of staff in excess of the standard. Some agencies have told me that they have substantial savings in school social work but are unable to use these savings to improve the service above the ratio of one worker for four schools. The Working Group on Social Welfare Subvention Administration proposes to change from quarterly payment of grants to monthly payment. Agencies are concerned that the proposed change may lead to cash-flow problems, particularly when there is turnover of staff. The keeping of monthly instead of quarterly accounts would certainly increase the administrative workload. Agencies would, therefore, prefer the present arrangement of quarterly payment, which allows slightly more flexibility.

Expansion in new areas for trial projects are not covered by existing funds. Agencies will have to resort to private donations, campaigns and the Community Chest. Forward planning will be difficult if there is too much dependence on these sources. The results of private appeals and campaigns are not predictable. Some agencies remarked that, even Community Chest contributions are contracting in real terms, failing to cover rising costs due to inflation. It is, therefore, proposed that some margin of flexibility be considered for the use of savings in trial projects and new areas of service. The clawing back of interest on savings is a most unwelcome arrangement. The actual amount which is recovered in this way is very small and involves a lot of administration. For example, half a million dollar was clawed back in respect of the year 1985-86, against total grants of \$448 million, representing only 0.1 per cent. I would suggest that this arrangement is not worthwhile and should be dispensed with.

Categorisation determines whether or not a service will be given full subvention. Up to the present time, the decision is taken solely by the Administration.

Certain kinds of services placed in Category II, which were not previously regarded as essential, may now deserve upgrading to Category I because of change of circumstances. Other services which remain in Category II may warrant a higher proportion of subsidy for one reason or another. As Government is not a direct provider of many kinds of services, it will not have firsthand information of the changing demand on many kinds of services. I would propose that categorisation of services be reviewed at regular intervals and that agencies be allowed to participate in the review, or at least be consulted in the process. In respect of services in Category II, the proportion of subsidy should also be reviewed, in consultation with the agencies.

Good management and co-ordination have a direct bearing on the quality of service. The central administration of voluntary agencies plays a most important role. The fact that this function is placed in Category II has been a long-standing sore. This subject will be covered in the speeches of most Members who are speaking this afternoon. It is hoped that the review of this categorisation will be completed by the Director of Social Services at the earliest opportunity and that financial provisions will be set aside for immediate implementation of any improvement following the director's decision, so as to avoid further delay.

According to members of the voluntary sector, the implementation of new projects and improvement to existing services very often lag behind the target which the Social Welfare Department has set for itself. A notable example is the improvement of school social work from one social worker to four thousand students, to one to three thousand, the implementation of which has not yet been effected.

The present subvention system was introduced following a report by the Working Party on Provision of Social Welfare Services and Subvention Administration, completed in June, 1980. A review was conducted by a working group in Social Welfare Subvention Administration, which issued its report in May 1987. Both exercises were undertaken by the Administration and the memberships of the working party and of the working group consisted entirely of Official Members. For this reason, it is difficult to convince the voluntary sector that the two studies are objective.

An overall review of the local education system was conducted in 1981-82, with very successful results. As there are so many problems in the provision of social service, I would suggest that an overall review should be mounted in this field. The review panel need not be an international one, as in the case of education, but there must be participation from sectors outside the Government.

Sir, I would now conclude with a request that the Administration respond to the observations and questions raised by Members at this debate.

DR. IP: Sir, I shall confine my speech today on the issue of subvention to meet the central administration cost of agencies only.

Inadequate provision of subvention for head office administration of subvented agencies is recognised to cause financial difficulties. Some organisations get it and others not. I am glad to learn that Government is formally addressing this problem with a view to formulating a clear and fair policy.

In reviewing the matter of assessing subventions to meet the central administration of agencies, I would like to ask the Director of Social Welfare to consider two aspects. Firstly, Government must accept that supervision of service projects are necessary, as Social Welfare Department do so themselves for their own projects. Such supervision requires head office staff and, therefore, incurs costs. As such staff cost is part and parcel of the efficient operation of service projects, I cannot see any reason why subvention should not be given. Secondly, as a significant proportion of head office expenditure is spent on planning for expansion of existing services and for new projects, and this may take many months, or even years, such efforts should form part of the project expenses and, therefore, be eligible for subvention.

If full subvention for head office administration is not forthcoming, it is only equitable to grant subsidy to that portion of head office expenses related to supervision and planning of subvented projects.

MR. HU: Sir, I was somewhat disappointed to learn that one of the major issues which affects the voluntary agencies was not included in the terms of reference of the Working Group on Social Welfare Subvention Administration. I am referring to the method of assessing subventions to meet the essential administration costs of agencies. The report of the working group indicated that this issue would be separately examined by the Director of Social Welfare. This will mean a further delay in considering any improvement in subventing voluntary agencies to meet this particular important cost.

The central administration cost of an agency is at present classified under Category II and is subvented at a percentage. This cost covers the most important elements of a sound management including, for example, the salary of the agency director, assistant director, accountant, secretary, and their supporting staff and, in many cases, rentals for their office accommodation. The agency cannot be expected to function effectively and efficiently without a good administration, particularly in the documentation work in relation to its application and accounting for subvention which entails much discussion and close liaison with the Social Welfare Department.

In practically every policy statement or White Paper on Social Welfare, it was either implied or explicitly stated that the provision of social welfare services was the shared responsibility of the Government and the voluntary sector and that their mutual relation was one of partnership. In the spirit of

such statement, the provision of an equally effective administrative set-up for the voluntary agencies is fully justified.

Although the working group's report made a number of recommendations, I am afraid they are, if implemented, unlikely to reduce the administrative load of the agencies. Furthermore, the recommendation to improve the monitoring control and auditing of subvention would also require more work by qualified staff on the part of agencies.

Since central administration is an essential part of the operation, it is justified to be ranked as a Category I service. I would, therefore, recommend that the Government be convinced of the need to upgrade central administration from Category II to Category I, and puts this into effect, together with other various improvements recommended by the working party, as soon as possible.

My other concern is the quality of the services which are being provided by the agencies. In the report, we are mainly talking about costs, numbers and figures. I suggest that we should make room, financially, to allow improvements to the quality of their social work services, as already planned. I also question the adequacy of the Evaluation Section of the Social Welfare Department and their field staff in carrying out the day-to-day monitoring of the subvented services. I understand that each subvented service unit can only be visited three times a year and I wonder if the Director of Social Welfare is satisfied that the existing level of consultation and the frequency of these liaison visits can ensure that improvement of their social work services will be positively encouraged.

MR. HUI: Sir, the social services functional constituency has been waiting for this occasion today when the much-debated, problem-ridden social welfare subvention policy is finally discussed in this Chamber for the financial difficulties of the voluntary agencies known to the general public are deeply rooted in the subvention system which is in urgent need for reform. To the absolute disappointment of voluntary agencies, the Working Group on Social Welfare Subvention Administration, set up to study improvements on the system, has failed to tackle the many underlying problems. Here, I wish to formally register our complaint against Government's lack of definite commitment to a full implementation of the standard cost system promised in 1982, and its lack of sincerity in achieving the subvention policy objectives, which are to give voluntary agencies predictable income to finance their services and maximum flexibility in the deployment of resources.

Voluntary agencies, which have been pioneering and providing two thirds of Hong Kong's social welfare services since the 1950s, are experiencing hardships unmatched in other subvented organisations. To begin with, only eight types of social welfare services are presently subvented under the standard cost system launched in 1982, while the majority of services are operating under unsatisfactory condition of getting percentage support or lump-sum discretionary grants. Judging by the progress so far made in the formulation of standard

costs, it will take at least another 10 years before the standard cost system can be extended to all services. Furthermore, the categorisation of services into essential, that is Category I, and desirable, that is Category II, services, has remained a bone of contention. Due to rapid social changes that have taken place in the past few years, many Category II services now partially subvented require upgrading. A typical example being the multi-service centres for the elderly, catering to the growing needs of the increasing elderly population. Yet the working group has chosen not to review this vital question of categorisation of services.

Sir, the biggest controversy, however, centres upon the basis of calculating recognised costs, which remains an enigma to the voluntary agencies. Not only are subventable items subject to Social Welfare Department's interpretation, but the standards adopted also vary between service units providing the same kind of service. It all boils down to a difference of opinion between voluntary agencies and the Social Welfare Department, with the former insisting on a decent standard of service, while the latter, the minimum service standard. In their effort to keep the staffing ratios in services such as school social work, family case work and outreaching youth work, up to reasonable, acceptable levels, voluntary agencies encounter serious management problems, caused by inadequate financial support.

Chief among these is the inadequate provision of central administration costs, which are granted on a discretionary basis, without sufficient explanation given by the Social Welfare Department. As anyone with managerial experience in public and private organisations knows best, central administration, like our central nervous system, is crucial to the smooth running of an organisation. Without sufficient central administration costs, voluntary agencies can only afford to hire accounting staff whose qualifications are vastly disproportionate to the amount of public funds entrusted to them. Under-financing plays havoc on voluntary agencies management standard and capabilities, undermines the quality of service and cripples the development of new services, all at the expense of our service recipients. After all, voluntary agencies can only cut their dress to fit the cloth.

While voluntary agencies are allowed to keep what little income, other than subvention they may have, service fees are deducted from their subvention allocations. Since fee income is calculated on the basis of full service capacity, any fluctuation in the number of clients, such as home help service recipients, increases voluntary agencies' financial and administration burdens. The clawback of income, other than programme fees, and the lack of topping-up for deficits incurred, exerts a further squeeze on agencies' already stringent budget. Due to many problems in fund raising, amongst them the difficulty to solicit donations to cover recurrent expenditures, voluntary agencies have no alternatives but to rely on government subvention as their major income source, which can hardly cover their growing expenditures.

As the Chinese saying goes, the cleverest of housewives cannot cook a meal without rice (巧婦難爲無米炊). That the long-standing problem of social welfare subvention has not been solved after all these years makes a mockery of our stable and prosperous society. Sir, the time for action has come. Given that the merits of the standard cost system have been acknowledged by the working group, its full implementation ought to begin without further delay. An implementation timetable should be drawn up immediately for the setting up of standard costs for all type of services. The set of standards and costs, for various service programmes, proposed by the voluntary agencies in June, 1982 could serve as a starting point. While we await the report on central administration costs from the Director of Social Welfare, I wish to emphasise that standard costs can be worked out for all services, including central administration and staff establishments and, if necessary, standards could be set for just one particular service, or even one specific agency.

Sir, apart from the lack of agreeable service standards, voluntary agencies are being stifled by stringent controls in subvention administration. All the voluntary agencies adhere closely to guidelines on staff establishment, issued by Social Welfare Department. they encounter much difficulty in employing extra staff required to meet new service needs. Negotiations with the Social Welfare Department to justify the extension of service takes, invariably, a long time. For instance, family case workers must wait until their cases overflow, by which time they had already worked under-strength for many months. The obligation procedure is complicated and reimbursements low, much to the frustration and indignation of voluntary agencies.

For services which have not yet been put under standard costs, subvention is calculated using existing recognised costs plus adjustments. The base line adopted being the minimum service standard, voluntary agencies are left with little flexibility in the deployment of resources. Thus, long-term planning, service development and improvement of service quality become luxuries for subvented agencies.

Under the tightly controlled subvention system, there is no surplus left for voluntary agencies to cope with cash-flow problems. Periodical salary adjustments, in line with the civil service pay rise, often throw voluntary agencies into a quandary, aggravated by the late release of reimbursement funds. Cash-flow problems hit hardest at Category II services which are not fully subvented. Since redeployment of various items under personal emolument and other charges is strictly forbidden, voluntary agencies operating within a shoe-string budget, have to curb spending in order to make ends meet.

Although one objective of the standard cost system is to relax Social Welfare Department's control on service units, the working party has indicated, in its report, more positive monitoring and the control of subvention in future. Indeed, voluntary agencies have no objection to rational control of their well-kept accounts. For the sake of accountability, I personally would go one

step further, to suggest that the code of aid, adopted by the Education Department for subsidised schools, be extended to the voluntary sector. It is inexplicable, however, why further controls should be imposed on top of the orgy of quarterly statistical returns, Social Welfare Department's visits, auditor's report, Social Welfare Department's audit exercise and the Director of Audit's review, already in existence. The increase in the volume of forms to be filled amounting to a dozen pages for each service represents Social Welfare Department's punctilious effort to elicit information from voluntary agencies. As a result, Sir, agencies heads are suffocated in justifying fund proposals, juggling with balance sheets and exploring their funding sources, rather than planning on the improvement of their services.

In reviewing the administration of subvention, the working group has identified some loopholes, some of which have already been rectified by the interim measure of the modified standard cost system. Its recommendation on applying more flexibility to the topping up of fractional posts is only geared towards reducing agencies' accumulated surplus, produced by the hiring of senior staff. By quibbling over the main issues and concentrating on producing an accounting formula, the working group has adopted a parochial approach to the entire review exercise. While it would be unrealistic for voluntary agencies to expect any kind of flexibility in subvention administration, it would demand more accounting staff resources be provided for voluntary agencies, to comply with the many financial monitoring and subvention control requirements now being enforced by the Social Welfare Department.

Sir, in the long drawn out discussion of social welfare subvention policy, the crux lies in an uneasy relationship between Government and voluntary agencies, which has deteriorated from an enlightened partnership into a housekeeper revenue spender relationship. A change in Government's inveterate attitude must precede any policy change. Instead of restricting the level of support, set at minimum standards, Government ought to live up to its firm commitment to social welfare, particularly when increase in social welfare allocation has been promised for 1987-88. I wish to reiterate here the following proposals for action:

- that a three-year plan be drawn up to put all social welfare services under the standard cost system;
- that a continual exercise be started immediately to review and upgrade Category II services to Category I in keeping with changing social needs;
- that central administration be classified as categorised service and subvented in full; and
- that lump-sum discretionary grants be eliminated.

At the same time, Sir, Government should replace its obdurate control and monitoring with positive, objective assessment, in return for good management with clear accountability. To demonstrate Government's open attitude and the pursuit of the partnership relationship, I would urge Government to consider

seriously the suggestion for voluntary agencies to be represented on the working group and other committees dealing with the financing and operation of voluntary welfare agencies. This move not only falls in line with the rising trend of open government in Hong Kong, but it is the sure way to bring about the inspired co-operation from voluntary agencies in our joint effort to improve the social well-being of our community.

With those remarks, Sir, I complete my submission.

DR. LAM: Sir, Mr. David LI very much wished to contribute personally to this adjournment debate but, due to overseas commitments which were fixed before the date of the debate was announced, he is unable to be present this afternoon to speak.

Mr. LI's interest in, and commitment to, social welfare in Hong Kong is evidenced by more than 17 years of voluntary service, during which time, he has served variously as Chairman of the Admissions, Budgets and Allocations Committee of the Community Chest, as member of the Social Welfare Advisory Committee and as a member of the Subvention and Lottery Funds Committee. Currently, he is Chairman of the St. James' Settlement, a member of the Advisory Board of the Salvation Army and a member of the Board of the Community Chest.

Mr. LI has been advised that, according to the principles of debate in this Chamber and Standing Orders 27(1) and 31(1), the speech which he had prepared for this debate cannot be delivered verbatim on his behalf. Accordingly, at his request, I have studied his speech and I should like to emphasise that, although what I am about to say on the subject of the social welfare subvention system are my observations, for the purpose of Standing Orders 27(1) and 31(1), they are, insubstance, also Mr. LI's.

Both Mr. LI and I believe, for reasons which I will explain, that our subvented welfare centre is receiving a raw deal at the hands of the Administration. The Government's social welfare policy aims to provide maximum social services through voluntary agencies at a minimum cost. The result is that voluntary agencies are forced to operate on a shoestring budget. Voluntary agencies have long been the victims of the old see-saw battle over subventions involving the Social Welfare Department, the Community Chest and the Royal Hong Kong Jockey Club. In Hong Kong's social welfare sector, we get what we pay for. However, neither what we pay nor what we get for it, is good enough. Voluntary agencies are unable to provide either much needed new services nor to improve the standard of existing services.

Subventions to voluntary agencies account for only 20 per cent of Hong Kong's total welfare expenditure. Yet these agencies provide over 70 per cent of our welfare services, thus indicating the resourcefulness of voluntary agencies on the one hand, and on the other, the crying need for Government to recognise the inadequacy of its current subvention policy, and to loosen the social welfare purse strings without further procrastination.

The Working Group on Social Welfare Subvention Administration has recommended an extension of the modified standard cost system and the adoption of a monthly payment system, based on actual staff cost. It has also suggested that the clawback of interest on subvention funds should be discontinued for the sake of efficiency.

Whilst Mr. LI and I support these proposals, we are, nevertheless, concerned that even if all the recommendations of the working group were implemented, major problems will remain unresolved, especially those relating to the central administration and accounting management of voluntary agencies and the quality assessment of social services.

Should not the central administration of voluntary agencies be fully subvented? At present, the central administration of most agencies is desperately short-handed, because they simply do not have the money to attract the calibre of staff they need to upgrade their standard of service. For example, between 1975 and 1986, the total number of staff at St. James' Settlement has grown from 54 to 153, of which the majority are front line social workers. However, during the same period, the number of administrative posts which Government agreed to subvent, increased from just seven to nine. The subvention for central administration at St. James' Settlement alone, is totally inadequate to cope with the rising demand in planning, co-ordination and accounting. To meet this demand, St. James' needs an additional subvention of \$350,000 a year, or a four per cent increase in salaries subvention. But even this minimal increase, Government has failed to provide.

The present situation is a totally unrealistic state of affairs. However, there is a workable alternative. If we were to fully subvent the central administration of welfare agencies, they would be able to do a far better job, which, in turn, would upgrade the co-ordination and planning and, ultimately, the service provided by the agencies.

The workload of the long-suffering accounts department of voluntary agencies has escalated dramatically since the introduction of the standard cost system in 1983. Yet the responsible and demanding post of accountant in these agencies is currently subvented by an amount only equivalent to the salary of a junior clerk. For example, at present, two junior clerks are subvented to handle the entire social welfare accounting requirements of the Salvation Army, which will spend \$37.3 million in this financial year and manages 54 service units. How can we possibly expect good quality accounting management with such a pittance spent on staffing this vital area? Only by subventing qualified accounting staff for major voluntary agencies can the Government realistically achieve its aim of improving financial controls over social welfare subvention.

The statistical information system, installed in October 1983, can only measure social services quantitatively. It is the present practice of Social Welfare Department staff to try to evaluate the quality of services by means of

liaison visits to agencies. Predictably, in its working group report, the department acknowledges its difficulty in making qualitative assessments, particularly of counselling and case work services. By way of comparative reference, the Social Service (Amendment) Act, 1974 of the United States, prescribes an open planning process for welfare agencies which emphasise on citizen involvement. We, in Hong Kong, have much to learn from this. Citizen involvement in the planning and evaluation processes of our voluntary agencies in Hong Kong would better ensure the quality of our social services. A policy review, having regard to the American experience, is urgently needed in this area.

Our voluntary agencies stand ready and willing to fulfil their essential role in the provision of welfare services. We are very fortunate in having a large number of dedicated professional social workers in the agencies. They do a magnificent job but one that is made much more difficult by Government's failure to provide them with the financial support they require for central management and accounting services. The Government must unclench its tight financial fist and give the agencies subventions for management and accounting services that will enable these agencies and their staff to provide the needy among us with the quality of welfare service that Hong Kong should have and does not.

MRS. TAM (in Cantonese): Sir, as today's adjournment debate is on social welfare subvention policy, I would like to declare my interest since I am working in a voluntary welfare agency.

Welfare service is a basic need of society. After World War II, welfare service gradually took shape in Hong Kong and we have now developed a systematic social welfare framework and, in the process, voluntary agencies have really assumed an indispensable role, providing many different types of services to citizens. For these welfare agencies, government subvention is the main source of their income. At present, many voluntary agencies in Hong Kong depend on Government for their current expenses. Through government subvention, the voluntary agencies can better plan and develop their own services and, by so doing, build up their accountability towards the public. Therefore, government subvention for voluntary agencies is really a wise policy to follow. I am very happy, indeed, that Councillors in this Chamber accord great importance to social welfare subvention and have a debate on this topic today. I will be speaking on the allocation of welfare subvention, administrative arrangement of government subvention and central administration.

The annual allocation of welfare subvention affects to a large extent, the development of welfare services. What is worrying is that we do not have criteria in setting priorities in the allocation of subsidies and hence we are not using our resources wisely. Actually, the main thrust of the allocation every year is to maintain existing service. What is left is for the extension of service or the construction of new projects. As to improvements to existing services, we are very short of funds. Now, let me cite an example. Funds for the improvement of

existing services in the three financial years 1985-88 only amounted to 2 per cent of the total welfare subvention allocation. And for 1985, it only took up 0.2 per cent. Such allocation of subsidies places emphasis on quantity instead of quality and thus the qualitative improvement in our welfare service cannot keep pace with quantitative improvement. Even though the Government has made use of \$6 million accumulated surplus of the voluntary welfare agencies in improving existing services this year, the amount requires for the improvement and implementation of the various welfare services is as high as \$27 million. Now, youth centre is a very good example. Right now there are as many as 206 youth centres and they are increasing at a rate of eleven per years. However, quality-wise, we still cannot implement the standard ratio of supervisors. I think that we should place equal emphasis on quality and quantity in the development of welfare services. In considering the annual welfare subvention allocation, the Government should reserve a reasonable proportion for the improvement of existing services. And before any decision is made, the Social Welfare Advisory Committee should be consulted.

As to Government's arrangement for subvention, I agree that suitable financial control is necessary. However, at the same time, we must understand that the voluntary agencies and the Government are partners in the provision of welfare services and as such should have mutual trust. As pointed out by the government working party report, one of the main principles of government subvention is to ensure that subvented voluntary agencies have financial flexibility. I believe that this is what the voluntary agencies treasure and give due regard to.

Because of the above principle, I support the standard cost subvention system implemented in 1982-83 and I believe that, in principle, it should be abided by. I also think that the working group's recommendation on a modified standard cost subvention system can be accepted too. However, three points require our serious consideration. First, when the Government changes the release of staff cost allocation from quarterly to monthly it must ensure that the relative amount reaches the voluntary agencies before the pay-day of each month. Any delay would deprive staff of these voluntary agencies of their salary. So I suggest that, after this has been implemented for a year, we should review the cash-flow situation of the voluntary agencies. Second, the Government should consider how to extend this standard cost subvention system to other services. I am very happy that this system has been extended to eight other kinds of services. However, I hope that the Government will continue its regular review on the categorisation of services and to upgrade more services in Category I level so that they will receive standard cost subvention. Third, I have some reservations on the report's suggestion that, for the long term, we should adopt a system similar to that of the Civil Service to replace the standard cost system and to cope with staff cost. This is because the suggestion will increase the voluntary agencies' control over their staff and contravene the principle of financial flexibility. Furthermore, if this is to be implemented, the voluntary agencies will

be deprived of their uniqueness and would become a second Civil Service. I think that the modified standard cost system is what we should consider for long-term implementation.

As to the financial control of the voluntary agencies, the working group report suggested that the Government should increase the supervisory staff for better results. However, I wish to point out that the financial control of voluntary agencies is not solely the work of the Government. The voluntary agencies themselves have their responsibilities and parts to play. The voluntary agencies must have a sound internal financial administration and they have to submit financial statements to the Government regularly. Without the efforts of the voluntary agencies, government control will not yield its desired results. However, many voluntary agencies at present lack the funds they need to employ professional accountants to take care of their accounts. So if the Government has the intention of improving the financial control of voluntary agencies, apart from having more supervisory staff, the more important thing is to allocate more funds to the voluntary agencies to enable them to hire professional staff to take care of their accounts. Actually, in February this year the Government has issued financial instructions to the voluntary agencies stating details of the different kind of financial statements they have to submit to Government to strengthen financial control. Now, the provision of clear instructions should be supported. However, what is beyond comprehension is that the implementation date of these instructions goes back to the financial year 1986-87. I think this is unfair and unreasonable. I think it should start only from the current financial year, 1987-88.

Now, I would like now to talk about a problem which is not mentioned in the working group report, and that is, the improvement in the central administration of the voluntary agencies. A lot of Councillors have already spoken on this topic and so I would not like to dwell on the importance of central administration any more. However, there is one point that I would like to draw the Government's attention to, and that is, now is the time for the Government to draw up a sort of standard for reference by the voluntary agencies so as to enable them to improve their central administration. The Government should review and see whether central administration can be upgraded to Category I service and granted subsidies accordingly. I have already urged the Government to face the question of central administration in this year's Budget debate and I am very happy that in October this year, the Government will be able to complete its report on the review on the central administration of voluntary agencies. However, because of time constraint, we cannot fit this into this year's Five-Year Forecast and the earliest implementation date would probably be 1989-90. In order to save time, I would suggest the Government to reserve a sum in the present Five-Year Forecast so that after the review we can immediately implement the suggestions in 1988-89 or the Government can promise that in 1988-89, there will be supplementary provisions for the improvement of central administration. Sir, these are my remarks.

4.11 pm

SECRETARY FOR HEALTH AND WELFARE: Sir, the social welfare system in Hong Kong has often been described as a partnership between the Government and the welfare agencies. This concept of partnership between the Government and the voluntary sector was enshrined in the two White Papers on Social Welfare in 1973 and 1979. These policy documents made it clear that the Government has the ultimate responsibility for ensuring that a satisfactory standard and range of social welfare services are available in Hong Kong, and also for providing the necessary funds for the welfare services which the community needs.

Welfare services in Hong Kong have come a long way since the early post-war years when the Government handed out relatively small sums of money to welfare agencies to help them carry on their work for the poor and needy. In the present financial year, the Government will pay out subventions totalling \$625 million to more than 140 agencies to help meet the recurrent costs of providing welfare services. In addition, estimated expenditure on direct social welfare services provided by the Social Welfare Department amounts to about \$388 million, while Lotteries Fund grants and other capital works add up to a further \$51 million. The subvented agencies, therefore, receive about 60 per cent of the total public funds expended on welfare services, leaving aside, of course, the social security payments. Certainly, it is not our aim to use the agencies to provide services at cut-rate prices.

The system of subsidies to welfare agencies has changed significantly over the years. Before 1982, subventions were in the form of discretionary lump sum grants. This arrangement began at a time when overseas donations accounted for almost half of the total income available to the agencies. But as Hong Kong became more prosperous and funds from overseas dwindled, it became clear that the Government must accept responsibility for the financing of social welfare services as set out in the White Papers and programme plans. While the voluntary welfare agencies continued to provide a large proportion of the services, they needed an assurance of future funding levels to enable them to plan ahead effectively.

In recognition of these developments and needs, a new subvention system was introduced in 1982. It was known as the standard cost system because it was based on the principle of establishing a standard unit cost for as many as possible of the welfare services, and giving the agencies the assurance that in all circumstances short of a major economic and financial crisis, they could rely on receiving this amount of subsidy for the services they provided.

To ensure that priority was given to the most vital services, the new system classified welfare services into two categories. Category I services are those for which a standard cost can be established and which are either statutory in nature, or ensure that a fundamental human need is met. Other services are placed in Category II.

A service in Category I receives subvention at a 100 per cent of the standard cost established for that service. At present, there are eight services in this

category: family casework, family-life education, foster care, outreaching social work, school social work, small group homes, neighbourhood level community development projects and the pool bus service for the elderly. Category II services receive a subvention covering a proportion of the standard cost, or if a standard cost cannot be established, a lump sum grant, the amount of which is decided according to the circumstances of each case. Services included in this category include social centres for the elderly and social and recreational activities for the disabled. In determining the categorisation of services, the advice of the Social Welfare Advisory Committee or the Rehabilitation Development Co-ordinating Committee is sought, as appropriate. And both of these committees are made up of a wide cross-section of the community including social workers and others connected with the welfare agencies.

Standard costs are established for social welfare services wherever possible. They have two elements—staff costs based on the number and level of staff required to provide a service, calculated by using the mid-points of the salary scales of the appropriate ranks and grades; and secondly, a grant to cover other necessary items of expenditure such as utility charges and programme expenses. An important element of the system is that agencies enjoy a considerable measure of freedom in spending the resources provided within broad guidelines laid down by the Director of Social Welfare. The Government does not seek to control rigidly the use of the resources provided but is obviously concerned to ensure that the funds allocated are effectively spent for the purposes intended. This arrangement is intended to provide maximum flexibility for the agencies while ensuring that social welfare services are provided in accordance with approved standards and that there is a satisfactory degree of accountability for the use of public funds by voluntary agencies.

In addition, agencies may provide improved services over and above the basic level, financed either by their own fund raising or through grants from the Community Chest. They are also free to use their own resources to provide other services which do not fall within Government's approved policies.

Since 1983, the standard cost system has been implemented for eight services, and it was the original intention to phase it in for other services as quickly as possible. However, some major problems have arisen which have prevented the extension of the new system. The major difficulty has arisen from the use of the mid-points of salary scales to calculate the salary element of standard cost. Because the agencies' actual staff costs in many cases turned out to be well below the mid-point level, substantial surpluses resulted. In accordance with the rules of the scheme these surpluses accumulated in reserve accounts which could only be used with the agreement of the Director of Social Welfare.

It was clear that a system which resulted in large sums being tied up in agencies' reserve accounts was unacceptable, particularly at a time of financial stringency when the funds available for welfare services were strictly limited. On the advice of the Social Welfare Advisory Committee, interim measures were implemented to limit the funds provided under the standard cost system to what

was actually needed to meet agencies' wage bills, and a working group was set up last summer to review the present subvention system. This group, having considered the views of the welfare agencies as well as the government departments concerned, has recently submitted its report, which concluded that the standard cost subvention system has important features which are worthy of retention, and that any return to the discretionary grant system operating before 1982 would be inappropriate. They therefore recommended that the standard cost subvention system, as already modified on an interim basis should be retained, and extended to other services for which standard costs can be established. The working group also proposed that an alternative method of calculating salary requirements should be further explored, and made a number of other recommendations, some of which have been referred to in today's debate. This report has been studied by the Hong Kong Council of Social Service, and will shortly be discussed by the Social Welfare Advisory Committee and the Rehabilitation Development Co-ordinating Committee.

I am glad to say that the Council's reaction has been favourable to most of the report's recommendations, and it is my own view that the standard cost system has much to commend it, provided the problems involved in calculating agencies' salary requirements can be satisfactorily resolved. I look forward to receiving the advice of the two advisory committees in the near future so that we can go ahead with wider implementation of the system. Members' comments in today's debate will be taken into account.

Sir, several Members who have spoken today have criticised the working group's report because it did not deal with certain more specific topics, in particular the categorisation of some services, and the vexed question of the central administration of multi-service agencies. It was, however, never the intention that the working group should deal with these issues, but rather with the basic issue of the subvention system as a whole.

The principle behind the categorisation system is the need to give priority to the most essential services. In an ideal world no doubt all services would be in Category I, but when resources are limited, some services must of necessity be in Category II. But these categories are not immutable and changes are made from time to time, on the advice of the Social Welfare Advisory Committee and the Rehabilitation Development Co-ordinating Committee.

Subvention for central administration of multi-service agencies is another issue that has been aired in this Council previously, and there is little that I can add to what I said in the Budget debate. For obvious reasons—no two agencies' central administrative arrangements are the same, because they all have a different mix of services—it is not practicable, therefore, to have a standard cost arrangement for a non-standard service. But I accept that the present ad hoc arrangement is not completely satisfactory and the Director of Social Welfare is now reviewing the method of subventing central administration with a view to rationalising the methodology and working out some principles for assessing

the level of subvention. This review, which should be completed by October, will include agencies' accounting requirements.

Several Members have referred to the inadequacy of the provision for improvements to welfare services. I would be the first to admit that during the years of tight budgetary restraint we have had to concentrate on much needed quantitative expansion of existing services, and that improvements to standards have necessarily had to take a back seat. But in the improved financial climate there now are much better prospects for qualitative improvements. Already, it has been decided that the subvention surpluses in the past years should be re-allocated for improvements to existing services. Six million dollars was earmarked for this purpose last year and another \$6 million will be set aside in this year and in 1988-89. This extra provision has enabled additional staff to be provided in care-and-attention homes, to raise the standards of service in some of the community centres and children's homes and will shortly enable improvements to be made to the manning ratio of school social workers, and to the outreaching social work service during the current year.

Sir, I began by referring to the partnership between the agencies and the Government which is the basis of our welfare services. Sometimes the impression is given that the relationship between the Social Welfare Department and the voluntary sector is a continual battle, with the Government handing out miserable pittances and then enforcing the most stringent restrictions on the unfortunate agencies in return. Despite the fact that resources cannot be unlimited and that there must be controls and monitoring of how public money is spent, I do not believe that there is the degree of conflict that is sometimes alleged. My own experience both in the Social Welfare Department and in my present post, is that there is a great deal of genuine co-operation between the two parties. Of course the agencies wish to get more resources to improve their services, and of course the Government sometimes has to say 'no', but most of the time we see eye-to-eye on what needs to be done to help the less fortunate members of the community. Long may this partnership continue.

*Question put on the adjournment and agreed to.*

### **Next sitting**

HIS EXCELLENCY THE PRESIDENT: In accordance with the Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 10 June 1987.

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

*Note:* The short title of the motions/bills listed in the Hansard Report has been translated into Chinese for information and guidance only, it does not have authoritative effect in Chinese.