

# OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 9 November 1994

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

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

THE CHIEF SECRETARY

THE HONOURABLE MRS ANSON CHAN, C.B.E., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE SIR NATHANIEL WILLIAM HAMISH MACLEOD, K.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

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

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

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

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

DR THE HONOURABLE DAVID LI KWOK-PO, O.B.E., LL.D., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, O.B.E., J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E., J.P.

THE HONOURABLE MRS PEGGY LAM, O.B.E., J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, O.B.E., J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E., J.P.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE MRS ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, O.B.E., J.P.

THE HONOURABLE VINCENT CHENG HOI-CHUEN, O.B.E., J.P.

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, O.B.E., J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

DR THE HONOURABLE LAM KUI-CHUN

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

THE HONOURABLE JAMES TIEN PEI-CHUN, O.B.E., J.P.

THE HONOURABLE ALFRED TSO SHIU-WAI

**ABSENT**

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE SIMON IP SIK-ON, O.B.E., J.P.

DR THE HONOURABLE CONRAD LAM KUI-SHING, J.P.

**IN ATTENDANCE**

MR MICHAEL LEUNG MAN-KIN, C.B.E., J.P.  
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MICHAEL SZE CHO-CHEUNG, I.S.O., J.P.  
SECRETARY FOR THE CIVIL SERVICE

MR HAIDER HATIM TYEBJEE BARMA, I.S.O., J.P.  
SECRETARY FOR TRANSPORT

MR GORDON SIU KWING-CHUE, J.P.  
SECRETARY FOR ECONOMIC SERVICES

MRS KATHERINE FOK LO SHIU-CHING, O.B.E., J.P.  
SECRETARY FOR HEALTH AND WELFARE

MR CANICE MAK CHUN-FONG, J.P.  
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

MRS REGINA IP LAU SUK-YEE, J.P.  
SECRETARY FOR TRADE AND INDUSTRY

THE DEPUTY SECRETARY GENERAL  
MR LAW KAM-SANG

**PAPERS**

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

*Subject*

Subsidiary Legislation	<i>L.N. No.</i>
Commodities Trading Ordinance (Amendment of Schedule 1) Order 1994.....	564/94
Declaration of Constituencies (Legislative Council) Order 1994 .....	565/94
Companies Ordinance (Amendment of Eighth Schedule) (No. 3) Order 1994 .....	570/94
Inspectors Powers Rules .....	571/94
Legal Practitioners (Fees) (Amendment) (No. 3) Rule 1994 .....	572/94
Employees Retraining Ordinance (Amendment of Schedule 2) (No. 13) Notice 1994.....	573/94
Official Languages (Authentic Chinese Text) (Building Management Ordinance) Order.....	(C)24/94
Official Languages (Authentic Chinese Text) (Commissioner for Administrative Complaints Ordinance) Order .....	(C)25/94

**ORAL ANSWERS TO QUESTIONS****Pirated Compact Discs**

1. MR CHENG MO-CHI asked (in Chinese): *Will the Government inform this Council:*
  - (a) *of the number of pirated compact discs seized in the past year and their estimated market value;*
  - (b) *of the numbers of successful prosecutions against the production, sale and possession of pirated compact discs respectively in the past*

*year; and a breakdown of the highest, lowest and average penalty imposed by the court in respect of each type of offence;*

- (c) how the penalties for the same offence in the neighbouring countries compare with those in Hong Kong; and*
- (d) whether consideration will be given to amending the legislation so as to raise the existing penalty to increase the deterrent effect?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President,

- (a) During the past 12 months, the Customs and Excise Department seized more than 180 000 copies of pirated compact discs with an estimated market value of \$7.2 million.
- (b) In the same period 523 cases were successfully prosecuted for selling or possessing pirated compact discs for the purposes of trade or business. There was no conviction for producing pirated compact discs because all of the pirated compact discs were imported from outside Hong Kong.

Of the 523 cases, the sentences imposed by the court ranged from 50 hours of community service to eight months' imprisonment, and the fines ranged from \$1.85 to \$1,000 per infringing copy. The average fine was \$70 per infringing copy.

- (c) The penalty maxima prescribed in the Copyright Ordinance for producing pirated compact discs are two years' imprisonment and a fine of \$50,000, whereas those for selling or possessing pirated compact discs for trade and business are 12 months' imprisonment and a fine of \$1,000 per infringing copy.

The corresponding statutory penalty maxima in our neighbouring jurisdictions range from imprisonment for one to seven years and fines ranging from \$15,000 to \$135,000 for producing pirated compact discs, and for the offence of possessing pirated compact disc for trade purposes imprisonment for one to seven years and fines ranging from \$620 to an unlimited amount per infringing copy.

- (d) We are reviewing our legislative regime for copyright protection with a view to modernizing and localizing the law. We are considering actively adopting the recommendations of the Law Reform Commission to increase the penalty maxima and to introduce a second tier of higher penalties for repeat offenders. We are aiming at introducing the amending legislation into this Council in 1995.

MR MOSES CHENG (in Cantonese): *Mr President, from the statistics of the Customs and Excise Department concerning the number of arrests and prosecutions relating to the sale of pirated compact discs, I believe that we can see that there is currently a trend in recruiting under-aged juveniles for the sale of pirated compact discs. Will the Government inform this Council what measures it will take to deal with this trend?*

SECRETARY FOR TRADE AND INDUSTRY: We are fully aware of the tendency of organized syndicates to recruit teenagers in the distribution and sale of pirated compact discs. We are working closely with the phonographic industry to step up our public education efforts to publicize the criminal sanctions attaching to these copyright infringement offences.

MR HOWARD YOUNG: *Mr President, I notice from the reply by the Secretary that the convictions in Hong Kong were for selling or possessing pirated compact discs, whereas the second part of paragraph (c) mentioned that in overseas countries the fines were for possession of pirated compact discs for trade purposes. Can the Secretary clarify whether the bulk of these 523 cases successfully prosecuted in Hong Kong were merely for possession, or whether the bulk of these were for trade purposes or selling; and whether the higher of these fines, which ranged from a very low \$1.85 to \$1,000 per copy, were imposed mainly on those in possession for trade?*

PRESIDENT: There are two questions there, Secretary. Have you followed both?

SECRETARY FOR TRADE AND INDUSTRY: There are broadly two offences under the Copyright Ordinance. One offence relates to the production of pirated copyrighted works and the other offence relates to the possession of pirated copyrighted works for trade and business. There are no convictions in respect of the first category because no pirated compact discs are produced in Hong Kong. So all the seizures are in respect of sale and distribution of pirated compact discs for trade and business.

PRESIDENT: Clarification?

MR HOWARD YOUNG: *Mr President, I might have been misunderstood. I was meaning whether there was any difference in the conviction cases between merely possessing, which means that you might have bought it or having it, as different from actually having them for sale or for trade purposes as defined in other countries?*

SECRETARY FOR TRADE AND INDUSTRY: Well, I am glad I have the wording of the Ordinance before me. The Ordinance specifically refers to the offence of possession, for the purpose of trade or business any infringing copy of a work or other subject matter in which copyright exists under the Ordinance. In other words, prosecutions are only mounted where there is possession for the purpose of trade or business.

PRESIDENT: Your second question, Mr YOUNG. Do you want to repeat it? About penalties.

MR HOWARD YOUNG: *Well, since the Secretary has replied that all of them were for trade, not mere possession, then I think my second question is no longer relevant.*

MR EDWARD HO (in Cantonese): *Mr President, as far as I know, most of the pirated compact discs are produced in China. Will the Government inform this Council what concerted measures have been taken by the Hong Kong Government and the Chinese authorities concerned to put an end to the pirated compact discs?*

SECRETARY FOR TRADE AND INDUSTRY: Our Commissioner for Customs and Excise is in close touch with the customs authorities of China about this problem. We are also aware that there are a number of factories in China involved in the production of pirated compact discs which is making enforcement rather difficult for Hong Kong authorities. So our customs authorities are in regular touch with their counterparts in China over this problem.

MR JAMES TO (in Cantonese): *Mr President, as a matter of fact, many policies in Hong Kong are focused on combating issues relating to the sources of income of triad societies. Will the Secretary for Trade and Industry, perhaps with the assistance of the Secretary for Security, inform this Council according to the criminal intelligence collected by the Government, to what extent are the pirated compact disc syndicates related to triad societies? Has the Government been dealing with the problem only from the perspective of copyright protection? Can the Government approach the matter from the perspective of cutting off the sources of income to triad societies and strike at such offences as organized crimes?*

SECRETARY FOR TRADE AND INDUSTRY: I have been informed by the Commissioner for Customs and Excise that while he is aware of the existence of organized syndicates in arranging the sale and distribution of pirated compact

discs in Hong Kong, he has no concrete evidence that triads are involved. He is nevertheless stepping up his intelligence collection work to look into this.

MRS SELINA CHOW (in Cantonese): *Mr President, the last paragraph of the reply seems to suggest that we need to amend the existing legislation. In fact, in recent years, the phonographic industry has been complaining about the seriousness of the problem of pirated compact discs. Why does it take such a long time to amend the legislation even though the Law Reform Commission has already considered the matter? Why cannot the amended legislation be introduced earlier?*

SECRETARY FOR TRADE AND INDUSTRY: The reason is because we are in the process of a major overhaul of our copyright legislation, not only to deal with the question of penalty maxima for infringement but also to update and modernize the law and to implement provisions of the Uruguay Round of trade related intellectual property rights agreement. So that is why we are still in the process of finalizing the amendments and we are also taking into account the recommendations of the Law Reform Commission. We expect that we will be able to introduce the amendment bill into the Legislative Council in 1995.

### **Succession Problems in the Civil Service**

2. MR CHEUNG MAN-KWONG asked (in Chinese): *regarding the public statement made by the Secretary for the Civil Service that some departments are facing an exodus of staff at the middle and senior management levels resulting in the so-called "succession gap", will the Government inform this Council:*

- (a) *which are the departments referred to by the Secretary for the Civil Service;*
- (b) *of the number of local and expatriate staff at the middle and senior management levels in various Government departments who are aged over 50 and who have applied for retirement under the Old Pension Scheme since 1 April 1994; and*
- (c) *in regard to the departments in which "succession gap" may occur, what remedial measures will be adopted to prevent the governing capacity of the Government to govern from being affected as a result of the exodus and reshuffle of staff in future?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, in response to a question raised at the briefing session on the Governor's policy address on 15 October, I registered my concern that for a variety of reasons, some senior

officers aged over 50 might choose to retire early and that this might cause succession difficulties in some departments, one or two in particular.

Let me now address the three specific questions raised by Mr CHEUNG:

- (a) As I said at the briefing session on 15 October, we have no hard evidence on the number of senior officers who will be retiring early in the next few years. Our assessment is mainly based on information and impressions obtained from Heads of Departments and our contacts with individual officers. It is therefore not appropriate for me to pinpoint any departments specifically. Much will depend on developments in the next 12 to 18 months. But I am confident that given the sound structure of the Civil Service and its proven ability to adapt to change, we will be able to overcome such problems as they arise, provided we prepare adequately. I have raised these issues not to cause alarm but to make sure that Members of this Council and the community at large are aware of them, and support the steps we are taking to address them;
- (b) I have attached to the printed version of my reply a table showing the number of senior local and overseas officers in all departments who are aged 50 or above and who have applied for early retirement under the Old Pension Scheme since April this year. There were 79 such officers, but only four of them at Directorate level. Departments with higher number of early retirees such as the Education Department, Correctional Services Department and Social Welfare Department are all departments with a much larger establishment;
- (c) we have seen several recent press reports referring to a "succession gap" and an "exodus". Both are emotive terms and we must keep the issue in proper perspective. We have a well-established staff planning system to which we attach great importance.

Specifically, we hold regular meetings with Heads of Department and their Policy Secretaries to review succession planning, to identify officers with potential to fill senior positions, and to determine how to develop their potential through such things as special management training and secondment to Policy Branches. For example, in the current financial year we are sending about 40 such officers on special management courses overseas and secondments to Policy Branches. This number will increase to 50 in the next financial year.

Over the years, we have developed a pool of promising young officers and are actively grooming them. Many of them are now ready to take on higher responsibilities. Under the circumstances,

the early retirement of some senior officers, though a regrettable loss of experience, is an opportunity for regeneration.

To conclude, while I do not want to underestimate the potential problem, I believe that we have a well-established system to enable us to cope should the problem arise. We will closely monitor the situation and enhance the various steps we are taking with the aim of ensuring the stability and continuity of the Civil Service both before and after 1997.

Applications for Retirement Received since 1 April 1994  
(Officers aged 50 or above and  
who have applied for retirement under OPS)

Applications Received since 1 April 1994  
(Officers aged 50 or above and  
who have applied for retirement under OPS)

Department/branch	Local	Overseas	Local	Overseas	Total
	MPS 34-49	MPS 34-49	directorate	directorate	
Architectural Services Department	-	-	-	-	-
Agriculture and Fisheries Department	-	-	-	-	-
Audit Department	-	-	-	-	-
Auxiliary Medical Services	-	-	-	-	-
Buildings Department	-	-	-	-	-
Census and Statistics Department	-	-	-	-	-
City and New Territories Administration	-	-	-	-	-
Civil Service Training Centre	-	-	-	-	-
Civil Aviation Department	-	-	-	-	-
Civil Aid Services	-	-	-	-	-
Civil Engineering Department	3	-	-	-	3
Companies Registry	-	-	-	-	-
Correctional Services Department	6	-	-	-	6
Customs and Excise Department	2	-	-	-	2
Department of Health	2	-	-	-	2
Drainage Services Department	-	-	-	-	-
Education Department	14	-	-	-	14

Department/branch	Local		Overseas		Total
	MPS 34-49	MPS 34-49	Local directorate	Overseas directorate	
Electrical and Mechanical Services Department	2	-	-	-	2
Environmental Protection Department	-	-	-	-	-
Fire Services Department	1	-	1	-	2
Government Laboratory	-	-	-	-	-
Government Supplies Department	-	-	-	-	-
Government Property Agency	1	-	-	-	1
Government Flying Service	-	-	-	-	-
Government Secretariat	1	-	1	-	2
Government Land Transport Agency	-	-	-	-	-
Highways Department	-	-	-	-	-
Hong Kong Monetary Authority	-	-	-	-	-
Hospital Services Department	1	-	-	-	1
Housing Department	5	-	-	-	5
Immigration Department	4	-	-	-	4
Independent Commission Against Corruption	-	-	-	-	-
Industry Department	-	-	-	-	-
Information Technology Services Department	1	-	-	-	1
Information Services Department	3	-	1	-	4
Inland Revenue Department	-	-	-	-	-
Intellectual Property Department	-	-	-	-	-
Judiciary	1	-	-	-	1
Labour Department	3	-	-	-	3
Land Registry	-	-	-	-	-
Lands Department	2	-	-	-	2
Legal Aid Department	-	-	-	-	-

Department/branch	Local		Overseas		Total
	MPS 34-49	directorates	MPS 34-49	directorates	
Legal Department	-	-	-	-	-
Marine Department	-	-	-	-	-
Office of the Telecommunications Authority	-	-	-	-	-
Office of the Commissioner for Administrative Complaints	-	-	-	-	-
Official Receiver's Office	-	-	-	-	-
Planning Department	1	-	-	-	1
Planning, Environment and Lands Branch/Works Branch	-	-	-	-	-
Police Complaints Committee	-	-	-	-	-
Post Office	1	-	-	-	1
Printing Department	-	-	-	-	-
Radio Television Hong Kong	1	-	-	-	1
Rating and Valuation Department	1	-	1	-	2
Recreation and Culture Branch	-	-	-	-	-
Regional Services Department	-	-	-	-	-
Royal Hong Kong Regiment (The Volunteers)	-	-	-	-	-
Royal Hong Kong Police Force	5	-	-	-	5
Royal Observatory	-	-	-	-	-
Senior Staff Course Centre	-	-	-	-	-
Social Welfare Department	7	-	-	-	7
Student Financial Assistance Agency	-	-	-	-	-
Technical Education and Industrial Training Department	-	-	-	-	-
Television and Entertainment Licensing Authority	-	-	-	-	-
Territory Development Department	-	-	-	-	-
Transport Department	1	-	-	-	1
Treasury	1	-	-	-	1

Department/branch	Local		Overseas		Total
	MPS 34-49	MPS 34-49	Local directorate	Overseas directorate	
University and Polytechnic Grants Committee	-	-	-	-	-
Urban Services Department	5	-	-	-	5
Water Supplies Department	-	-	-	-	-
Grand total	75	-	4	-	79

MR CHEUNG MAN-KWONG (in Cantonese): *Mr President, I am indeed disappointed with the Government's reply because the reply is clearly irrelevant to my question. My question was concerning the number of civil servants in various departments who were aged over 50 and had applied for retirement under the Old Pension Scheme, not the number of staff who have openly informed the Government of their intention to opt for early retirement as in the reply. As the Secretary for Civil Service has said previously, the majority of those who intend to retire early will not normally inform the Government in advance. Therefore, the information given in the table attached to the reply is clearly irrelevant to my question as it fails to reveal the seriousness of the "succession gap" which may occur in the Civil Service and it exposes just the tip of the iceberg. Nevertheless, there have been numerous reports that a "succession gap" crisis will occur before 1997 in some government departments such as the Civil Aviation Department, the Royal Hong Kong Police Force, the Marine Department, the Education Department, the Housing Department, the Environmental Protection Department and so on. Will the Government inform this Council whether it has worked out any contingency plan in the light of what will happen in these departments? All these departments are specialist departments which are particularly in need of technical know-how. Moreover, some of these departments have an exceedingly large number of expatriate officers. Even if training can be provided and staff redeployment carried out immediately, it may not be able to overcome the "succession gap" crisis. What measures will the Government take to deal with such a crisis in these departments?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, I am surprised that my very specific and clear reply to Mr CHEUNG's question was unsatisfactory from his point of view. But let us not struggle on that issue.

As to the various departments he mentioned, those are mere speculation on his part or on the part of the media. As far as I am concerned, we do have certain information that some colleagues may wish, for a variety of reasons, to retire early. But these are intentions. As to whether or not they will realize that intention, as I said, will depend very much on their judgement of developments in the next 12 to 18 months. I sincerely hope that they will decide

not to go ahead with their plans and it is my job to encourage them to stay, and therefore to talk about "succession gaps" or "exodus" will not be helpful in that regard.

PRESIDENT: We have to get on, Mr CHEUNG.

MR ALLEN LEE (in Cantonese): *Mr President, I think we must face the problem squarely. It is probable that this problem may arise and it is not mere speculation by the press. Will the Government inform this Council of the number of directorate grade staff in various departments and policy branches who hold foreign passports? Does the Government intend to ask them as to their intention to stay so that the Government can get prepared and avoid the occurrence of a "succession gap"?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, I do not have the full facts as to who has got what passports in the Civil Service. I have no intention, at the moment, of asking for them because I do not believe that they are particularly relevant to the officer's intention of staying or leaving. One can argue very convincingly that those with overseas passports will stay, and indeed it is those who do not have it will probably want to go and acquire the insurance policy. And indeed of those leaving early, my estimate is over one-third are leaving for emigration purposes.

MR LAU WAH-SUM (in Cantonese): *Mr President, the Government will approve the applications for retirement at the age of 45 on emigration ground. How many people have been given permission to retire at 45 on emigration ground over the past year?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, the number of people who sought early retirement between the age of 45 and 49, I think that is what Mr LAU is interested in, in 1993 and 1994 was 134.

MR MARTIN BARROW: *Mr President, an annual performance appraisal meeting between an individual and his or her supervisor is standard practice in the private sector. Would the Secretary inform this Council if this is mandatory within the Civil Service and, in particular, are individuals encouraged during these meetings to reveal their long-term intentions in order to assist with succession planning?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, staff appraisal is a very important tool in staff development and succession planning within the

Civil Service. The appraisal interview is a very important part of that procedure. Unfortunately, it is not always done well or on time. It is something that we intend to improve on and in that regard we are about to introduce a new staff appraisal form for the directorate with a view to enhancing and making the interview mandatory plus making the whole process more objective. We do not, at the moment, ask the interviewing officer, to specifically ask the question of whether or not the officer being reported on intends to stay or not. But I think this is something perhaps we should consider.

MR MICHAEL HO (in Cantonese): *Mr President, it has just been mentioned in the reply that the Government will make positive efforts to train the next generation of successors. Will the Government inform this Council what specific action is being taken at this stage to train the next generation of potential successors? For instance, the Legal Department is implementing a "double-ladder system", though it is far from satisfactory. Will other departments implement special schemes similar to that? And under the existing civil service establishment, how can flexibility be exercised to enable a department to promote successors who are relatively young?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, on training for civil servants, what we do is to devolve the training function to departments. All departments have their training programmes. The first part of a training programme is specific training of the officers to do a particular job. For example, in the case of the Police Force, the Police Force provides basic training, so that by the time the officer concerned leaves the Police Training School, they are fully aware of their duties and responsibilities.

Then there is further training. This further training has a particular purpose, either of preparing the officer for a higher or more responsible job and also, further on there is specific management training, generally to prepare the officer for the directorate. This training varies from department to department.

At the central level, the Civil Service Branch of course organizes and manages training which is specific to the transition, namely "China Training".

MR MARTIN LEE (in Cantonese): *Mr President, I would like the Secretary for the Civil Service to look closely at the Policy Secretaries who are sitting in the Legislative Council Chamber now, and tell us according to his prediction, how many of them will still be in Hong Kong at the Legislative Council sitting to be held on Wednesday, 25 June 1997?*

PRESIDENT: I think that is a very hypothetical question, Mr LEE. We have a queue. I am going to have just one more and that is a Member who has only asked one question up to this point. Mr Henry TANG.

MR HENRY TANG (in Cantonese): *Thank you, Mr President, for letting me ask the question. According to the report made by the Secretary for the Civil Service in the Legislative Council, the Police Force is among the departments which experience serious wastage. Will the Government inform this Council which rank of officers in the Police Force experiences serious wastage? Will the state of law and order of Hong Kong be affected as a result of the wastage of these police officers? I trust that the Secretary for the Civil Service will reply that the Government is taking positive action to recruit police officers. But will the overhasty desire to fill the vacancies lead to inadequate training of the newly-recruited police officers, which will in turn undermine their ability to maintain law and order in Hong Kong? Also, will it affect their ability to protect themselves?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, may I through you seek a clarification from Mr TANG as to which report he may be referring to because I could not recall such a report to this Council?

MR HENRY TANG (in Cantonese): *Mr President, I think it should be the report made when the Secretary for the Civil Service gave his answer in relation to questions concerning the policy address. He said that there was equestions substantial wastage in the Police Force.*

SECRETARY FOR THE CIVIL SERVICE: Mr President, I think perhaps there might be a misunderstanding in my replies on 15 October. Certainly, I did refer to one or two departments in which, should there be an early departure of officers over the age of 50 in big numbers, it might cause difficulties. I did not specifically refer to the Police Force. In effect the situation within the Police Force is quite good. Both recruitment and retention, at the moment, are very good and if one were to refer to the table attached to my reply, one would see that the Police Force is not a particular problem. So my feeling here is that the question is perhaps based on a misunderstanding of my previous reply. I do not see the Police Force being a problem.

### **Land for Public Rental Housing**

3. MR FREDERICK FUNG asked (in Chinese): *Mr President, it is learnt that 323 hectares of additional land will be generated from the West Kowloon Reclamation Project, but only 14 hectares have been allocated for public rental housing, will the Government inform this council whether the Housing*

*Authority has made any request to the Government for more land to be allocated under the West Kowloon Reclamation Project for the development of public rental housing; if so, what is the outcome?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, of the 28.6 hectares earmarked for residential purpose under the West Kowloon Reclamation Outline Zoning Plan, two sites measuring 13 hectares have been allocated to the Housing Authority for public housing development. In order to increase public housing supply in the urban area, the Government has agreed to increase the production capacity of one of these two sites by 25% from 5 250 flats to 7 000 flats.

The Housing Department's further request to Government for additional land in West Kowloon Reclamation is being reviewed in the context of a study on the development potential of the West Kowloon Reclamation to be commissioned by the Territory Development Department. The preliminary results of the study will be available by mid-1995.

MR FREDERICK FUNG (in Cantonese): *Mr President, in his reply, the Secretary for Planning, Environment and Lands mentioned that the production capacity of one of the sites earmarked for residential purpose will be increased from 5 250 flats to 7 000 flats. This reflects the strong demand for public housing or else the authorities will not allow such a relaxation. In fact, the Housing Authority has requested the Government earlier on this year for an additional 58 hectares of land to be allocated for the production of public housing or Home Ownership Scheme flats. Since the Government has indicated there is such a need, why is it still going to take one year's time for the results? As the preliminary results of the study would only be made available by mid-1995, will the late results aggravate the demand for housing?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, as Mr FUNG has already said, the Housing Authority has asked the Government this year to supply it with 58 hectares more land for the production of public housing. The Government has already agreed to supply, out of the 58 hectares, 30 hectares of land to the Housing Authority for production of housing.

As to the reason why we are undertaking this study to review the density potential of the West Kowloon Reclamation, the Honourable Member may be aware that earlier on this year we had this Task Force on Land Supply and Property Prices formed because of the general community concern on the price of flats. One of the problems identified by this Task Force was the small amount of land available in West Kowloon for residential development, and this is one of the reasons why we have undertaken to do this study to review the development potential of the West Kowloon Reclamation. The whole aim of the

study is to see whether ways and means can be found to increase the development potential of this piece of valuable land coming onstream.

MRS ELSIE TU: *Mr President, I notice the question of Mr FUNG refers to public rental housing. I notice the answer talks about Housing Authority housing. I am concerned about those who cannot afford to buy Home Ownership units. Could we have a breakdown as to how much of the public housing, under the Housing Authority, will be rental and how much will be Home Ownership?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the Honourable Member is right in that the 30 hectares of land is earmarked for public housing development including public rental housing development. The split between public rental and Home Ownership or Private Sector Participation Scheme development has still not been decided by the Housing Authority. The Authority is still in the process of planning for production on these two sides, but my understanding is that there are both Home Ownership and public rental elements.

PRESIDENT: Mrs TU, not answered?

MRS ELSIE TU: *I follow through and ask why this was not mentioned in the answer because the question definitely refers to public rental housing?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, if I may, when the figures are available, which I believe will be very soon, I will supply the answer to the Honourable Member. (Annex I)

MR JIMMY MCGREGOR: *Mr President, can the Secretary indicate the number of new public sector flats that will be made available each year for the next five years and also the estimated number of private sector flats in the same time and also indicate whether this is an adequate supply to meet the estimated overall demand? I apologize if these are figures which have been already published.*

PRESIDENT: This is generally, not just the West Kowloon Reclamation project, Mr MCGREGOR?

MR JIMMY MCGREGOR: *Yes, overall.*

PRESIDENT: Secretary, can you answer that?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, I do not have the split of these figures offhand now and I will happily supply the Honourable Member later in writing. (Annex II) But I can mention, Mr President, that before April 2001, we aim to produce 141 000 rental flats and 168 000 flats for sale, and we aim also to assist and to supply enough land for the private sector to build 195 000 flats.

MR JAMES TO (in Cantonese): *Mr President, the original question was whether the Housing Authority had made any request to the Government for more sites to be allocated from the reclaimed land for the development of public rental housing. But the Government's reply has not mentioned how many hectares of additional land have been requested by the Housing Authority for the development of public rental housing at all. As far as I understand, the amount of land requested by the Housing Authority at the onset of the West Kowloon Reclamation Project was quite small. But after revision, the request has now been increased and a co-ordinating proposal has been put forward to explain why more land is needed. Is the Government aware of the basis on which the Housing Authority made its request? Was it due to the revised population projection which would be 7.5 million? Or was it because the Housing Authority realized the increase in demand for public housing? Or was it because the former members or chairmen of the Housing Authority had to compromise with the Government and cut down on their request so that more land under the West Kowloon Reclamation Project would be made available for private development and as a result, the Government would be able to sell more land and make more money?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the request for land from the Housing Authority is perhaps more complicated than what the Honourable Member has implied. Normally, the Housing Department, as the executive arm of the Housing Authority, sits together in meetings, in working groups, with the government departments responsible for allocation of land. There are usually traffic problems, environmental problems and other planning problems which need to be sorted out before one can say that this piece of land is to be allocated for public housing or for private housing. So this is a process of discussion between the Housing Department and the relevant government departments. My understanding is that when we first formulated the development plan for West Kowloon Reclamation four years ago, we had a request from the Housing Department for a rather large amount of land to fulfil this obligation under the Long Term Housing Strategy. But, at that time, as is still the case now, the planning for land use for the West Kowloon Reclamation has a number of constraints which makes it impossible to allocate more land than requested by the Housing Authority to accommodate public housing development.

MR EDWARD HO (in Cantonese): *Mr President, out of the 323 hectares of land generated from the West Kowloon Reclamation Project, only 28.6 hectares of land are residential land and they represent less than one-tenth of the total area of the land in question. As far as I know, one of the important factors is the question of noise and environmental protection which makes it impossible to build houses along both sides of the highways. Will the Government indicate whether it will review this situation and consider setting up noise barriers along both sides of the highways so as to yield more land for residential purpose and maximize the utilization of our extremely limited land resources?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the Honourable Member is right in saying that in Hong Kong the production of housing on the two sides of major highways is to some extent constrained by the noise and air quality problems generated by the highways. This applies not only to the case of West Kowloon, but also other areas.

It is right that in planning for the land use for the West Kowloon Reclamation, as I indicated earlier, there are a number of constraints and one of the constraints is that this piece of land will be used to accommodate our major transport corridor, the West Kowloon Expressway and also the Airport Railway. There is also a proposal to have the Northwest Railway ending somewhere in West Kowloon so the noise and air quality problems produced have created some sort of constraint on earmarking sites for housing production. But one of the purposes of the study is to look into whether ways and means can be found to ameliorate the situation and to enable more land to be used for residential purposes.

PRESIDENT: Not answered, Mr HO?

MR EDWARD HO (in Cantonese): *Mr President, the Secretary for Planning, Environment and Lands has not answered my question directly. My question is concerned with the installation of noise barriers on both sides of the highways. Can he inform this Council whether the Government will consider adopting this measure?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the answer is yes.

### **Upgrading Non-graduate Teaching Posts in Secondary Schools**

4. MR TIK CHI-YUEN asked (in Chinese): *Regarding the upgrading of non-graduate teaching posts in secondary schools to that of graduate level, will the Government inform this council:*

- (a) *of the proportion of graduate teachers to non-graduate teachers in their existing establishment in Government and subsidized secondary schools;*
- (b) *whether, with an increasing number of degree holders and Certificated Masters/Mistresses (CM) obtaining degrees, the Government has any plan to adjust the proportion referred to in (a) above, if so, would there be a specific target? and*
- (c) *what measures does the Government have to encourage serving Certificated Masters/Mistresses to take degree courses in order to become Graduate Masters/Mistresses (GM); if there are no such measures, what are the reasons?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) At present, the ratio of graduate to non-graduate teachers in grammar and technical secondary schools in the public sector is 7 : 3 while that in prevocational schools is 1 : 1.
- (b) The Government is committed to increasing the number of graduate teachers in secondary schools. Since 1993-94, public sector secondary schools have been creating additional graduate posts through the conversion of non-graduate posts to graduate status. The exercise provides each school with two additional graduate posts in 1994-95 and one further graduate post in each of the two subsequent years, giving a total of some 1 600 additional graduate posts. The necessary resources have also been secured to provide one additional graduate teacher per school to 99 schools, which have a higher proportion of low achievers, over a 4-year period commencing in 1993-94.
- (c) The Government encourages serving teachers to attend courses relevant to their duties with a view to enhancing their overall professional competence. Serving non-graduate teachers wishing to take full-time degree courses may, subject to the recommendation of their employers, be granted no-pay study leave to do so. Study leave with pay of not exceeding one year may also be granted to a limited number of school heads and teachers for the same purpose.

MR TIK CHI-YUEN (in Cantonese): *Mr President, paragraph (c) of the Government's reply says that the Government encourages Certificated Masters/Mistresses to further their studies. However, in some cases, a Certificated Master who has taken a degree course will have to transfer to another school in order to obtain a graduate post if no such post is available in the school in which he is currently serving. He will then be paid at the starting*

*point of the pay scale for graduate teachers, which may even be lower than his original salary. Will such a policy, in fact, reduce the incentive of Certified Master/Mistresses to take degree courses? If so, will the Government review this policy?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, basically, this kind of situation is rare. It occurs mainly when the non-graduate teacher who has taken a degree course is a Principal Assistant Master. If he takes up a graduate post, somehow there will be a little difference between his new and old salary. Nevertheless, it should be appreciated that the Government's policy is to pay remuneration according to responsibilities, not qualifications. Here we are talking about two different matters. A non-graduate teacher who becomes a graduate teacher will have to take up new responsibilities and he will receive a new salary accordingly. Certainly, after obtaining a degree, his promotion prospects will be enhanced and his professional skills improved. These are definitely beneficial to him.

MR MAN SAI-CHEONG (in Cantonese): *Mr President, it was mentioned in the reply that when a Principal Assistant Master in the non-graduate establishment transferred to the graduate establishment after obtaining a degree, he might have his salary reduced. In addition, he might have to take the risk of not being able to be promoted to the post of Senior Graduate Master. Will the Government inform this Council, if there is ever such a case, whether it will hinder the Government's intention to implement its policy to upgrade teachers in secondary schools to graduate level? Will the Government, adopt measures which are more effective or more flexible, for instance, by relaxing the ratio of graduate teachers in schools?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, as I have explained just now, first, this situation is uncommon; second, the principle of paying remuneration according to responsibilities must be upheld. However, we certainly understand that it is definitely unfair to the graduate teachers if a Principal Assistant Master were converted as Senior Graduate Master as this post is a promotional post for the graduate teachers. Hence, we should assess the promotion prospects of the teachers of different teaching posts in secondary schools and the level of training they have received in order to formulate a balanced policy. This is a principle which should both not be dispensed with. I have said earlier on that after a teacher has obtained a degree, his professional skills and knowledge will certainly be enhanced and he may be promoted to the post of Principal in the future. We should be far-sighted instead of being so short-sighted.

PRESIDENT: Not answered, Mr MAN?

MR MAN SAI-CHEONG: *Mr President, the second part of my question was not answered. Will the Government confirm that there will be a review so that flexibility can be built into the system?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, I believe I have made it very clear just now that we will definitely not change our principle, but certainly we can deal with the allocation of teachers flexibly. If there are more vacancies in schools so that teachers can be promoted in the school in which they are serving, we will certainly give consideration to it.

MR SZETO WAH (in Cantonese): *Mr President, will the Government inform this Council that, when a non-graduate teacher transfers to a graduate post in the same school or in a school belonging to the same sponsoring body after obtaining the necessary qualifications, his salary point can feed into the respective scale. However, if his new post were not in the same school or in a school belonging to the same sponsoring body, he will have to enter from the starting point of the pay scale for graduate teachers. Although this is not a common phenomenon, the question is not whether it is common or not but whether it is reasonable or not. Can the Government inform this Council why would such a phenomenon exist? Besides, will this phenomenon dampen the motivation of teachers to obtain the qualifications for graduate posts?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, the question is again concerning why teachers cannot get promotions after obtaining degrees. I believe I have answered this question twice and I am now going to answer it for the third time. Posts are designed according to the nature of work, not qualifications or other factors. The post of Senior Graduate Master/Mistress in secondary schools is a promotional post for Graduate Masters/Mistresses. If a non-graduate teacher wishes to become a graduate teacher after obtaining a degree, he has to start from the post of Graduate Master. This principle is not to be changed. As I have mentioned earlier, in certain circumstances, if a school has the resources to create certain additional positions, we will definitely deal with the matter with flexibility. Nevertheless, I think the principle cannot be changed.

MR HENRY TANG (in Cantonese): *Mr President, at present, primary school graduate teachers lag behind their secondary school counterparts both in terms of salaries and promotion prospects. If this phenomenon of different pay for equal work is to continue, primary school teachers will suffer from brain drain which will in turn affect the quality of education. Will the Government inform this Council, whether there is any plan to standardize the remuneration for these two categories of teachers in the course of upgrading teachers in secondary*

*schools to graduate level? If so, will both plans be implemented simultaneously? If not, why?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, the posts of Graduate Master/Mistress in primary schools only came into existence in September this year. As graduate teachers are offered salaries higher than those of non-graduate teachers, this shows that the degrees they hold have already been recognized and rewarded to a certain extent. However, the nature of work of secondary school graduate teachers is different from that of their primary school counterparts. Therefore, their salaries and promotion prospects also differ. These are two separate matters and should not be mingled. It is the Government's policy to encourage primary schools to increase the number of graduate posts in the hope that the percentage of graduate teachers can be raised to 35% within the next 10 years or so. That is our long-term target. We hope that primary school graduate teachers can promote the development of graduate teachers in their schools and help improve the quality of teachers. However, we should not mix up secondary schools with primary schools as they belong to two different categories, nor should we put the salaries of teachers in these two categories of schools on a par.

MR MICHAEL HO (in Cantonese): *Mr President, I would like to ask a follow-up question in response to the reply given by the Secretary for Education and Manpower to Mr SZETO Wah's question. Under the existing civil service establishment, if a government school teacher obtains a new teaching post in a government school or in the civil service establishment after obtaining a degree, generally his salary point can be fed into the respective scale. If the government school teacher remains in the civil service establishment, his salary point will feed into the salary scale of the higher post, otherwise, as Mr LEUNG Man-kin has said earlier, different arrangements will apply as the job is a new one. Is that not a double standard?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr President, under the existing civil service establishment, there certainly are different remuneration systems and natures of work, hence, it cannot be generalized with the issue of graduate teachers. If a graduate teacher can find an ideal job in the civil service establishment, he will certainly have promotion opportunities. If not, he has to face the same situation, that is, he may not necessarily get a pay rise. Nevertheless, his academic knowledge will certainly be enhanced and his promotion prospect improved. This is a comparatively long-term view on thing.

MR PETER WONG: Mr President, the Secretary in his reply, section (c), only mentioned full-time degrees. Can he tell us what encouragement or resources

are offered to teachers who wish to take up part-time or distance learning degrees, such as those about to be offered by the Open Learning Institute?

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, I am pleased Mr Wong asked this question. I think that teachers are entirely welcome to take part-time degrees during their spare time and I do encourage them to do so. The Government fully encourages them to do so for their own improvement of professionalism.

PRESIDENT: Not answered, Mr WONG?

MR PETER WONG: *Mr President, could he answer the last part of my question, about what resources would be made available for them to do so?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, if the school has resources to cover teacher training, and I believe they have, I think that this could be met from the existing vote in the school's funding arrangements.

### **Safety Standards of Plugs and Adaptors**

5. MR JAMES TIEN asked: *Under section 4 of the Plugs and Adaptors (Safety) Regulation, which will come into effect on 23 March 1995, a plug or an adaptor for the purpose of sale or hire shall conform to the safety standards stipulated in Schedule 2 of the Regulation. The majority of these standards follow those that are adopted in Britain. To comply with this Regulation, local manufacturers and dealers have to refit products manufactured locally or imported from other countries which do not meet the British Standards, resulting in higher costs which can lead to higher prices. In view of this, will the Government inform this Council:*

- (a) *of the reasons why most of the standards stipulated in the regulation follow British safety standards, rather than those of other countries; and*
- (b) *whether the Government will take into account the safety standards of various countries in drawing up a set of standards applicable to Hong Kong?*

SECRETARY FOR ECONOMIC SERVICES: Mr President, The Plugs and Adaptors (Safety) Regulation was made in response to public concern over the

standard of safety of plugs and adaptors on the market in Hong Kong. Tests carried out by the Consumer Council showed that the majority of plugs and adaptors available locally failed to meet safety standards in respect of such factors as resistance to overheating, insulation, breakage and dimensional accuracy, and so on.

The Regulation lays down comprehensive safety requirements for all areas of plug design to a specification that is compatible with the socket systems and the electricity supply in Hong Kong. Some of these standards happen to be those drawn up in Britain, but in fact these standards are now adopted by many countries, and they have actually stood the test of time.

Whilst other countries may have plugs and adaptors which match British Standards in terms of safety, they cannot be used in Hong Kong because they do not match our electrical socket and supply system.

Mr President, as Mr TIEN has pointed out, it will be necessary for some products to be fitted with new plugs once the Regulation comes into effect. This should be a transitional situation as in future I would expect the trade only to order stock fitted with plugs meeting the prescribed standards. Implementation of the Regulation has been deferred until March 1995 to enable the trade to adjust to the new requirements.

MR JAMES TIEN: *Mr President, the Consumer Council's test is based on British safety standards. The Plugs and Adaptor Safety Regulation requirements are those of Britain. Other countries whose plugs and adaptors which match British Standards in terms of safety still cannot be used here because they do not match the electrical socket and supply system, which is again British. All these points to one fact, that is, we have no choice but to mostly buy and use British products and systems. Would the Secretary please inform this Council whether this decision is in the best interest of Hong Kong manufacturers and consumers?*

SECRETARY FOR ECONOMIC SERVICES: Mr President, it is true that in fact some of the tests carried out are carried out to specifications set out in the British Standards, as I have said in part of my reply. In fact, in some other areas we do use standards used in other countries, so that is the first point. The second point is, it is always possible for local manufacturers to manufacture. We do not in fact encourage anybody in Hong Kong just to go to Britain to order the plugs and adaptors. What we ask people in Hong Kong to do is to make the plugs and adaptors up to the standard we prescribe. My information suggests that a lot of the local manufacturers are already gearing their production to meet the standards. Thirdly, in respect of the test that they have failed, they have not just failed because they do not meet the British Standards. They failed because simply the products were substandard, and we have seen reports of a plug melting. Now, I would not wish to say whether the plug

melted because it did not fit British or American, or Japanese standards. They simply failed.

### **Safety of Children Riding Bicycles**

6. MR PEGGY LAM asked (in Chinese): *In order to ensure the safety of children in riding bicycles, will the Government inform this Council:*

- (a) *whether consideration will be given to requiring children to wear helmets when riding bicycles; and*
- (b) *what measures are taken to enforce the regulation prohibiting children from riding bicycles beyond cycling tracks?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) The police have advised that cycling by young children on roads is not a major problem.

We conduct periodic reviews of the Road Traffic Ordinance (Cap. 374) and the Road Users' Guide, in consultation with both the Transport Department and the police, and in the course of such reviews we take into account problems experienced, operational requirements and related safety matters. We have concluded that there is no need to legislate to require children to wear helmets when riding bicycles.

- (b) Section 54 of the Road Traffic Ordinance deals with restrictions on the hire and riding of bicycles. This allows for the rental of bicycles to children and for them to ride on cycle tracks or in designated parks. However, the law is quite explicit that it is an offence for any person to rent a cycle to a child under 11 years of age or to permit an unaccompanied child to ride a cycle outside such areas.

MRS PEGGY LAM (in Cantonese): *Mr President, may I ask if the Secretary for Transport is aware of the requirement in many developed countries that children and adults must wear helmets when riding bicycles for the sake of safety and precaution? May I ask the Government if it is going to consider requiring children to wear helmets when riding bicycles only after the occurrence of serious accidents with heavy casualties?*

SECRETARY FOR TRANSPORT: Mr President, I beg to differ from what the Honourable Member said. Our research shows that in fact only in Australia and

in a few States of the United States are there legislative requirements for the wearing of helmets. In so far as our statistics show, the number of cycling casualties affecting children under 11 has been fairly low. There were 26 in 1991, 23 in 1992 and 28 in 1993. In most of these cases, the injuries sustained were fairly minor, mainly relating to injuries to legs and limbs and scratches.

MRS ELSIE TU: *Mr President, I was quite surprised to see that it is an offence for any person to rent a cycle to a child under 11 years of age. I happen to live next door to one of these cycling parks. I see many children very much under the age of 11 riding bicycles. But may I ask if it means bicycle in the true sense of two wheels, some of these bicycles are really bicycles but they have extra wheels at the back. Do they come under the law?*

SECRETARY FOR TRANSPORT: Mr President, the legislation refers to both bicycles and other types of cycles. Regarding the question raised by the Honourable Member, it is not an offence for any person to hire or rent a bicycle or cycle to a child for riding in a designated park or cycle path. But it is an offence to rent it to a child to ride in an open road.

## WRITTEN ANSWERS TO QUESTIONS

### Control of Manually Operated Amusement Rides

7. MRS SELINA CHOW asked (in Chinese): *In response to enquiries concerning an accident involving a multi-axis chair inside the Space Museum earlier, the Secretary for Recreation and Culture pointed out that it was not necessary for manually operated rides to be put under legislative control. However, another official of the Recreation and Culture Branch subsequently indicated that the Administration was examining whether there was a need to amend the relevant legislation so as to bring the safety of manually operated rides under control. In view of this, will the Government inform this Council:*

- (a) *whether consideration has actually been given to amending the legislation so that manually operated rides will be put under control; if so, when will amendments be introduced; if not, what the reasons are; and*
- (b) *What measures will be taken to ensure the operational safety of these manually operated rides?*

SECRETARY FOR RECREATION AND CULTURE: Mr President, the Administration originally considered that manually operated amusement rides could be controlled administratively through adopting the measures similar to

those described below. However, after very careful examination, it is found that this would not be effective as there would be no legal sanctions against offences. The Administration has therefore decided to bring such rides under legislative control. We intend to propose the necessary legislative amendments to the relevant ordinance before the Legislative Council in early 1995.

It is proposed to introduce two measures to ensure the safety of manually operated amusement rides. First, the Director of Electrical and Mechanical Services (the Director) will be empowered to issue to owners/operators of these rides a set of safety requirements on:

- (a) owners/operators to seek the Director's approval of the operation manuals and procedures of these rides before they start to operate;
- (b) the Director's approval of detailed instructions issued by owners to operators on actions to be taken in case of accidents, fire or malfunctions of these rides;
- (c) the provision of first-aid facilities and trained first-aiders; and
- (d) the carrying out of periodic examination and maintenance by approved personnel.

In addition, officers of the Electrical and Mechanical Services Department shall be empowered to inspect these rides to ensure that the safety requirements are followed and that these rides are maintained in good conditions.

Any owners/operators found breaching the safety requirements issued by the Director will be committing an offence and will be liable to penalties on conviction.

### **Construction of Primary School in Kwun Tong**

8. MR FRED LI asked (in Chinese): *The Government and the residents of Lam Tin have been involved in a contention over the latter's demand for the construction of a primary school on a vacant lot at Hong Pak Court, Lam Tin, Kwun Tong for around half-a-year's time. It is learnt that the Education Department has conducted a feasibility study of the location of the school and completed a report on the study. It is also known that, because of the higher site formation cost at the Hong Pak Court site, the Education Department has decided to build the primary school on a site behind the Buddhist Ho Nam Kam Pre-vocational College and return the site at Hong Pak Court to the Housing Department for the construction of an additional block of Home Ownership Scheme flats. In this connection, will the Government inform this Council:*

- (a) *of the reasons why the Education Department has not disclosed the contents of the report to the residents of Lam Tin and the Kwun Tong District Board, and to seek their views;*
- (b) *whether, in the light of the Education Department's decision to build the school on the vacant lot behind the Pre-vocational College, the Government has considered other less expensive modes of construction on the original site, such as building the school by using pillars to support the platform; and*
- (c) *from the point of view of site selection, which of the two lots mentioned above, the one at Hong Pak Court or that behind the Pre-vocational College is more accessible to school children living nearby?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The Education Department has chosen the Ko Chiu Road site for the new primary school on the basis of the professional advice received from the Works departments. The reasons for the decision were subsequently explained in full to residents of Hong Pak Court.
- (b) The site at Hong Pak Court was not suitable because it is smaller than the present day requirement for a primary school. It would also require complicated site formation work and consequently longer construction time and higher cost.
- (c) The school in question is one of four primary schools to be built for the school zone in which Hong Pak Court is located. It is scheduled for completion in 1998. Three other new primary schools will be completed by 1996 and two of them will be quite close to Hong Pak Court.

### **Government Communication with Private Hospitals**

9. DR CONRAD LAM asked (in Chinese): *Will the Government inform this Council of the following:*

- (a) *how does the Department of Health communicate with private hospitals; how many staff are responsible for such work and what are the posts held by them;*
- (b) *what role does the Department of Health play in helping private hospitals to improve and enhance their medical services; and;*

- (c) *whether there are any statistics regarding complaints against private hospitals in the past three years; if so, what is the total number of such complaints?*

SECRETARY FOR HEALTH AND WELFARE: Mr President,

- (a) A dedicated team in the Department of Health is responsible for dealing with matters related to private hospitals. This team comprises a Principal Medical Officer, a Senior Nursing Officer, a Senior Hospital Administrator and a Clerical Officer. Additional support is brought in, for example, from the Statistics and Finance Units, as required.

Private hospitals are required annually to complete a questionnaire and to undergo an inspection by the Department of Health team prior to the renewal of licence. They also provide the Department on a regular basis with statistics on hospital discharges, births, immunization and notification of infectious diseases.

Private hospitals can approach the Department of Health for advice on public health and other relevant issues. The Department will also contact these institutions and disseminate guidelines and procedures which are relevant to hospital practices as and when necessary.

- (b) The Department of Health will:
- (i) ensure that conditions prescribed under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) are fulfilled before a licence is issued or renewed;
  - (ii) provide comments on new or extension projects;
  - (iii) disseminate guidelines or advisory notes on procedures which are relevant to hospital practices, such as oxygen gas supply, registration of professionals, silicone gel breast implants and so on; and
  - (iv) provide advice on public health issues, such as HIV/AIDS, plague and so on.
- (c) In the past three years, three complaints against private hospitals were referred to the Department of Health.

**Autotoll System in Road Tunnels**

10. DR CONRAD LAM asked (in Chinese): *Regarding the operation of the automatic toll collection system in road tunnels, will the Government inform this Council:*

- (a) *of the number of vehicles participating in the system in the past two years;*
- (b) *of the income and expenditure arising from the operation of the system in the past two years;*
- (c) *whether motorists not using the system are inconvenienced by the reduction in toll lanes as a result of the introduction of the system;*
- (d) *whether there is any surplus in the operating account of the system; if so, whether the tunnel company concerned will consider reducing the monthly fees for users; if not, why not; and*
- (e) *of the number of participating vehicles required in order to achieve a balance in the income and expenditure of the system?*

SECRETARY FOR TRANSPORT: Mr President, the answers to the questions are as follows:

- (a) The autotoll system was introduced at the Cross Harbour Tunnel and the Aberdeen Tunnel on 1 August 1993, and at the Lion Rock Tunnel on 28 August 1994. As at the end of October 1994, 47 060 vehicle tags had been issued, usable at all three tunnels, compared with 23 790 tags as at the end of last year.
- (b) The system was implemented by the Autopass Company Limited with the agreement of the tunnel operators. The company is solely responsible for the installation, operation and maintenance of the system. For commercial reasons, it is not prepared to disclose the details of its income and expenditure. However, the company has advised that it has invested more than \$20 million in the autotoll system, which is still operating at a loss.
- (c) In permitting the introduction of the autotoll system, the Administration has been very conscious of the need to ensure that motorists using the normal toll lanes are not unduly inconvenienced. The Transport Department monitors the situation very carefully and has confirmed that the present arrangements are satisfactory. Indeed, very few complaints have been received from motorists.

- (d) The Autopass Company Limited has stated that it is operating at a loss, and that it has no plans at present to reduce the \$20 monthly administration charge.
- (e) Again, for commercial reasons, the Autopass Company Limited is not prepared to reveal the number of users required to balance income and expenditure, but states it is far from reaching break even point.

### **Closing of Roads for Visiting Foreign Dignitaries**

11. MISS EMILY LAU asked (in Chinese): *There have been occasions recently when the Government have had to close certain roads to facilitate visiting foreign dignitaries to tour the territory, thus causing serious traffic congestion. In view of this, will the Government inform this Council:*

- (a) *of the sorts of foreign dignitaries in respect of whom arrangements will be made for the closure of roads when they are touring the territory;*
- (b) *of the number of such foreign dignitaries visiting or touring Hong Kong in 1994; whether the expenses incurred are met by public funds;*
- (c) *of the details concerning the closure of roads to facilitate tours conducted for such dignitaries during the year (including the name and title of the foreign dignitaries, the name of roads closed, together with the exact date and time of closure etc);*
- (d) *of the reasons why the Government has to close the roads during the tours of foreign dignitaries; and*
- (e) *whether consideration will be given to cancelling such arrangements as mentioned above?*

SECRETARY FOR SECURITY: Mr President,

- (a) The police implement short-term traffic control arrangements to facilitate travel by Members of the Royal Family, Heads of State, Heads of Government, and other senior government visitors between destinations in the territory. These short-term traffic control arrangements usually last for less than two minutes in any one location. Disruption to the usual flow of traffic is kept to a minimum.

- (b) In 1994, special traffic control arrangements were made for eight overseas visitors. The cost of these arrangements was met by public funds.
- (c) Details of the eight visits in 1994 are attached at the Appendix. The police do not retain information on the names of all the roads affected, nor the duration and the time of special traffic control arrangements. Compiling this information would require extensive research.
- (d) It is common practice to implement this sort of traffic control to facilitate the travel of overseas dignitaries and to ensure their security. Hong Kong is not exceptional in this regard.
- (e) There are no plans to cancel such traffic control arrangements.

## Appendix

<i>Date (in 1994)</i>	<i>Visits</i>
6-10 March	HRH Princess Royal
19 April	Prime Minister of Portugal
1-9 May	Director of Hong Kong and Macau Office, LU Ping
17 July	Foreign Minister of PRC, QIAN Qichen
15-16 September	Foreign and Commonwealth Secretary, D HURD
14-21 October	HRH Princess Alexandra
28-29 October	Vice President of India, K R NARAYANAN
7-9 November	HRH Prince of Wales

**Traffic Noise Impact on Residential Areas**

12. MR WONG WAI-YIN asked (in Chinese): *A number of major roads in the territory are located near residential areas, and the noise generated by various kinds of public transport has been a great source of nuisance to the residents nearby. In view of this, will the Government inform this Council:*

- (a) *of the residential areas situated near major roads where the level of noise nuisance has exceeded statutory limit, thus affecting the daily lives of the residents; and*
- (b) *whether there are any plans to improve the situation, such as building additional noise barriers to reduce the impact on the residents; if so, what are the specific proposals and implementation timetables; if not, what the reasons are?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) There are no statutory limits on traffic noise generated by vehicles running on roads. The impact of traffic noise on residential areas is best dealt with at the planning stage by ensuring that suitable distances are maintained between major roads and noise sensitive developments. To this end, the Hong Kong Planning Standards and Guidelines have adopted a noise criterion of 70 dB(A) L10 1(h) for the development of new residential buildings and the construction of new roads near existing residential buildings. In such cases, the Environmental Protection Department liaises with other departments to work out mitigation measures to minimize the impact of traffic noise wherever practicable. The Tate's Cairn Tunnel approach roads near Choi Hung Estate and Richland Gardens in Kowloon are good examples of where mitigation measures — quiet road surfacing, barriers and covers — have been introduced to reduce the noise impact of a new road on existing premises.
- (b) The Government is currently studying the feasibility of reducing the noise problems of existing roads. The study will identify the roads that require mitigation measures, the potential benefits of such measures, technical feasibility and financial implications. The findings of the study, which will be completed in two years, will be used to determine how the noise problems should be tackled.

In the meantime, the Government has applied quiet friction coarse surfacing at 14 sites to reduce traffic noise from major roads. A list of these sites is at Annex A. Another four sites (Annex B) have also been identified recently and funds are being sought for the work. However, it should be noted that this material has low durability and is less effective in noise reduction on low speed roads.

## Annex A

<i>Site no.</i>	<i>Location</i>	<i>Completed in</i>	<i>Proposed completion date</i>
HK1	Island Eastern Corridor (in front of Provident Centre)	mid-1990	-
HK2	Island Eastern Corridor (in front of Tai On House)	mid-1990	-
HK3	Island Eastern Corridor (in front of North Point Estate)	mid-1990	-
K1	Lung Cheung Road (from Po Kong Village Road to Ma Chai Hang Road)	Nov 1992	-
K2	West Kowloon Corridor (above Tung Chau Street from Tai Kok Tsui Road to Tong Mei Road)	Oct 1991	-
K3	West Kowloon Corridor (above Tai Kok Tsui Road)	Oct 1991	-
K4	East Kowloon Way (between Chi Kiang Street and Pak Kung Street)	Feb 1993	-
K5	East Kowloon Way (between Chi Kiang Street and Ma Hang Chung Road)	Feb 1993	-
K6	Prince Edward Road East (near Choi Hung Estate)	-	early 1995
K7	West Kowloon Corridor (between Tai Kok Tsui Road and Kiu Kong Street)	mid-1993	
K8	Kwun Tong Road (between Ping Shek Estate and Kai Yip Estate)	-	early 1995

<i>Site no.</i>	<i>Location</i>	<i>Completed in</i>	<i>Proposed completion date</i>
K9	Princess Margaret Road (between Argyle Street and Man Wan Road)	Feb 1994	-
NT1	Tuen Man Road (near On Ting Estate)	Jan 1994	-
NT2	Tai Po Road (near Wo Che Estate)	Jan 1993	-

Annex B

<i>Site no.</i>	<i>Location</i>
HK4	Island Eastern Corridor near Ko Fung Court
K10	Kwun Tong Road near Telford Garden
K11	Princess Margaret Road near Oi Man Estate
NT3	Tai Po Road near Wai Wah Centre

### **Employees Retraining Scheme**

13. MR PANG CHUN-HOI asked (in Chinese): *As the Employees Retraining Scheme has been in operation for about two years, will the Government inform this Council:*

- (a) *of the total number of retrainees seeking employment through the Local Employment Service of the Labour Department to date; of these, how many have been successful in obtaining employment; and*
- (b) *whether consideration will be given to reviewing the effectiveness of the Scheme, so as to ascertain if the curriculum design and placement arrangement need improving, thus resulting in a more effective utilisation of manpower and a larger labour force in the territory?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, since the introduction of the Employees Retraining Scheme in July 1992, around 32 000 people have completed or are attending retraining courses as at the end of September 1994. Of those who have completed retraining, 2 999 approached

the Labour Department's Local Employment Service (LES) for placement assistance. Of these 2 999 retrainees, 883 were placed by LES, 1 961 either indicated that they had found work or did not respond to job referral arrangements by LES, and 155 are currently being helped by LES to get a job.

The effectiveness of the Scheme is under continuous monitoring. A review mechanism is built into the course approval system whereby a review is conducted on the course curriculum, employment rate, and cost effectiveness whenever a training body seeks funding from the Employees Retraining Board to repeat a course. Training bodies are also subject to regular review on the cost effectiveness of their courses as they are funded on a quarterly basis. This makes the training bodies more responsive to changing market needs and to competitive pricing from new comers.

With an average placement rate of 70% of the active job seekers, the current placement arrangement has on the whole functioned smoothly. The training bodies and the Labour Department will continue to provide placement services for retrainees who have difficulties in finding jobs.

### **Productivity in Certain Industries**

14. MR HUANG CHEN-YA asked (in Chinese): *Will the Government inform this Council:*

- (a) *of the productivity of the labour force in the following industries in the territory: textiles, watches and clocks, electronics, retailing, banking, hotels, construction and transport;*
- (b) *how does the labour productivity of these industries in the territory compare with those in member countries of the Organization for Economic Cooperation and Development in Asia, Europe and America; and*
- (c) *whether there is any specific plan to improve the productivity of these industries in the territory?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, according to the latest available data (1992), labour productivity in terms of *per capita* value added was as follows: textiles (HK\$166,000), watches and clocks (HK\$197,000), electronics (HK\$241,000), retailing (HK\$125,000), hotels (HK\$233,000), banking (HK\$720,000), construction (HK\$196,000) and transport (HK\$246,000).

These figures are derived from a ratio of net output to labour input, and do not take account of other factors, such as capital employed. Accordingly, comparisons between industries may be misleading, as may be comparisons

between different economies. Comparable up-to-date statistics are not available for most economies and most industries, but in the manufacturing sector in 1989, *per capita* value added averaged HK\$108,400 in Hong Kong, HK\$546,000 in the United States, and HK\$621,700 in Japan. In commerce, which includes wholesale and retail trades, as well as restaurants and hotels, the corresponding figures were HK\$149,800, HK\$243,400 and HK\$245,700, while in transport and communications, the figures were HK\$212,200, HK\$469,600 and HK\$407,900.

The responsibility for improving productivity lies with individual businesses. However, a wide variety of services aimed at improving productivity are available through public sector organizations such as the Hong Kong Productivity Council and the Vocational Training Council. There are also many private sector suppliers of equipment and training courses designed to help improve productivity.

### **Intrusion into Private Premises by Law Enforcement Agencies**

15. MR WONG WAI-YIN asked (in Chinese): *Regarding the misdirected intrusion into residential units by Government officers of law-enforcing departments in the course of crime investigation, will the Government inform this Council:*

- (a) *of the number of such cases in the past three years; of this, how many involved the wounding of residents or damage to private property;*
- (b) *of the reasons in general for such misdirected intrusions; and*
- (c) *what follow-up remedial actions are taken by the law-enforcing departments; whether apologies will be made and compensation offered; if so, what are the procedures; if not, what are the reasons for not doing so, and whether the people affected have any channels to lodge complaints?*

SECRETARY FOR SECURITY: Mr President, I am confining this reply to the police and the Independent Commission Against Corruption (ICAC). Several law enforcement agencies have the right to enter residential units in certain circumstances, but the power is seldom used, except by the police and the ICAC.

- (a) No statistics are available of the number of cases where the police have entered residential premises by mistake in the past three years; but the number of cases is believed to be very small. The ICAC has had five such cases.

- (b) Entry by mistake may occur when investigating crime, because of erroneous information, such as being given the wrong address. The police and ICAC officers are empowered to enter private premises for the discharge of their statutory duties, under warrants issued by Magistrates Courts, or with the consent of the residents, or under the authority of particular ordinances, such as the Prevention of Bribery Ordinance.
- (c) Apologies are given by the police or ICAC to the residents concerned, if they have entered premises by mistake. Compensation may be offered, depending on whether the Government is legally liable for any personal injuries or damage to property. Compensation was paid in 16 cases in the past three years for damage to private property arising from police operations.

Channels of complaints are available for persons aggrieved by the conduct of the police or ICAC in respect of entry into private residential premises. In the case of the Police Force, any allegation of misconduct or neglect of duty may be directed to the Complaints Against Police Office or to the appropriate District Commander. In the case of ICAC, complaints can be directed to the ICAC Complaints Committee.

### **Sex Education in Schools**

16. MR TIK CHI-YUEN asked (in Chinese): *Regarding the findings of a recent study by the Chinese University of Hong Kong which indicates a precocity of the physical development of local children, will the Government inform this Council whether:*

- (a) *a review of the existing contents and modes of presentation of sex education courses in both primary and secondary schools will be made;*
- (b) *the teaching of sex education will be advanced to pre-Primary 5 classes?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) Sex education is presently taught in a number of subjects on a cross-curricula basis in both primary and secondary schools. It aims to enable school children to understand sex as part of a person's total health and well-being. The curricula are under regular review and changes are introduced as necessary. For example, the Education Department is conducting a survey on the knowledge and attitude of secondary school students on sex and sex education and intends to

review its guidelines on the subject on the basis of the information so obtained.

- (b) While subjects containing elements of sex education (for example, health education) are taught from Primary 1 onwards, pupils are taught the physical differences between the sexes at Primary 4. Some schools also prepare special programmes or hold talks and discussion to prepare pupils for puberty and adolescence at around Primary 5.

### **Political Pressure on a Rape and Robbery Case**

17. MISS EMILY LAU asked (in Chinese): *It was learnt that the police officer in charge of the investigation into the rape cases in Tuen Mun had charged a citizen with rape and robbery due to political pressure, despite the fact that the police officer allegedly found evidence showing the man charged was innocent. Will the Government inform this Council whether:*

- (a) *an inquiry into such statements has been conducted; and*
- (b) *the Police will, because of any pressure, lay a charge on someone even without sufficient evidence; and whether the person charged under those circumstances will be compensated if he were eventually found not guilty?*

SECRETARY FOR SECURITY: Mr President,

- (a) An inquiry into the such statements is being conducted. These statements were made by an officer involved in the investigation, but not in charge of it.
- (b) The police will not lay charges on anyone in the absence of sufficient evidence; to do so would amount to an abuse of court proceedings.

### **Negotiations on Container Terminal 9**

18. DR SAMUEL WONG asked (in Chinese): *The Government announced in late 1992 that it would enter into negotiation with three consortia on the construction project of four berths of Container Terminal 9, including detailed arrangements of the project, land premium and other matters. However, the project has not yet been finalised up to the present moment. Will the Government inform this Council:*

- (a) *whether any tentative agreement or oral undertaking has been reached between the Government and the three consortia over the terms of the projects, and if so whether there is any validity period for such agreement or undertaking; and*
- (b) *whether the Government has any contractual obligations under such agreement or undertaking?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) The Government announced in late 1992 that it would embark upon negotiations with a consortium comprising Hong Kong International Terminals Limited, Modern Terminals Limited and Tsing Yi Container Terminal Holdings Limited on the terms and conditions of a private treaty grant for Container Terminal 9. We reached agreement with the consortium in June 1994 on a non-committal and without prejudice basis. No formal agreement has been signed and there is no validity period for the agreement reached.
- (b) The question of contractual obligations does not exist as explained above.

### **Expenditure on Preparatory Work for Container Terminal 9**

19. DR SAMUEL WONG asked (in Chinese): *Regarding the construction of Container Terminal 9, will the Government inform this Council:*

- (a) *of the amount of funds allocated by the Government for the advance works and preparatory arrangements for the project, and the amount already spent for such purposes; and*
- (b) *whether, as the four berths of the project cannot yet be formally awarded for commercial operation, the Government will consider the immediate appropriation of public funds to construct the first and second berths, with a view to leasing or selling these berths to container operators in due course?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) A total of \$3,536 million have been approved by the Finance Committee for the preparatory work for Container Terminal 9 and the supporting infrastructure. Of this amount, \$809 million is for the Duplicate Tsing Yi South Bridge. To date, \$20 million has been

spent on preparatory work for Container Terminal 9 and \$37.7 million for Duplicate Tsing Yi South Bridge. A detailed breakdown is annexed.

- (b) The construction of all eight existing container terminals in Hong Kong have been carried out by private developers on the basis of land grants awarded either by private treaty or through a tender process depending on the particular circumstances of each case at the time. These arrangements have proved very effective. To finance this project using public funds is not considered to be cost effective or financially sound at the moment, because it would tie up public funds in a project which the private sector is known to be keenly interested in financing, as has been the cases with all the previous terminals.

Annex

Item No.		Approved project Title estimate (APE)	Expenditure incurred up-to-date
387CL	Container Terminal No. 9 - engineering works for back-up area and infrastructure	\$2,710M	\$3M (see note 1)
350CL	South East Tsing Yi port development. Planning and engineering feasibility study for Container Terminal No. 9	\$17M	\$17M
29TT	Duplicate Tsing Yi South Bridge (see note 2)	\$785M	\$14.7M
30TT	Duplicate Tsing Yi South Bridge - consultants fee for design and site investigation	\$24M	\$23M
	Total	\$3,536M	\$57.7

- Notes
- (1) \$3M spent for the ENPO consultancy study
- (2) \$14.7M incurred for the interface work between DTYSB and Route 3

**STATEMENT****WORKING PARTY ON MEASURES TO ADDRESS TRAFFIC CONGESTION**

SECRETARY FOR TRANSPORT: Mr President, earlier this year I convened a Working Group to study the traffic congestion problem and to make recommendations on how to tackle the issue. I assured Honourable Members that the Administration would consult, and consult widely, before decisions were implemented. I am pleased to be able to honour that commitment. The Working Group's Report has been published today together with a pamphlet which provides a quick and easy reference on the proposed package of measures. Copies have been provided to Honourable Members.

Traffic congestion affects everyone. There are no easy solutions. The package of proposals put forward may well be contentious — on a subject such as this it would be foolhardy to expect immediate or universal support. In Hong Kong we do not suffer from traffic gridlock yet, but we will well within the next few years, if we take no steps to prevent such a situation from arising. As it is, traffic speeds are declining by an average of 2 km per hour each year and, already, severe congestion now exists at the cross harbour tunnels, Tuen Mun Road, the container port and other local roads. Unchecked, this trend will cause widespread traffic congestion with serious consequences for the economy, the environment and the movement of people.

I shall now focus on the background and pinpoint the solutions which the Administration recommends.

In the last three years, the number of private cars has increased by one-third and is continuing to increase by about 10% a year. Last year alone, 42 000 new cars were bought which was double the number bought three years before. Private cars including motor cycles now make up 60% of the vehicle fleet and account for 40% to 60% of peak hour traffic.

By the end of this year, there could well be 300 000 private vehicles on our roads, exceeding the levels deemed acceptable by our studies for 2001. If numbers continue to increase at the current rate, there will be 350 000 by 1996 and over half a million by 2001.

Put simply, the number of cars on our roads is increasing at a much faster rate than our road building and traffic management programmes can ever hope to accommodate. Travel speeds in the urban area would halve to less than the speed of a bicycle by 2001. The build up of traffic would result unavoidably in traffic gridlock:

- costing the economy \$15 billion a year;
- posing an increasing threat to public health from vehicle emissions; and
- delaying public transport and pushing up the cost of travel for everyone.

No one would seriously contemplate allowing such a situation to arise. No modern city, and certainly not a crowded one like Hong Kong, can build its way out of traffic congestion. Do we really wish to see uncontrolled growth in vehicle numbers, more noise, more pollution in our city? The answer must be "no". Unfortunately the fact is that remedies will not be popular. We have no choice but to swallow hard and take difficult decisions.

The Administration proposes a package of measures. We believe that the key solution is to adopt the "user pays" principle by pricing the use of road through an electronic road pricing (ERP) scheme. This will take time to implement. In the interim, as a matter of urgency, we need to restrain the growth rate in the numbers of private vehicles from 10% per annum to about 2% and to introduce a range of traffic management and public transport priority schemes to ease congestion and give the public transport user priority on our roads.

Firm measures will be required. Fiscal measures are the quickest, the most effective, in fact, the only practical means of doing so in the short term. We therefore propose:

- increasing Annual Licence Fees (ALF) for private vehicles by 40%. This no more than accounts for inflation since the last increase in March 1991; and
- increasing the First Registration Tax (FRT) for private vehicles from the present range of 40% to 60% of the taxable value to 70% for all such vehicles.

The tax proposals would increase ALF by between \$1,500 to \$4,500 per annum and new car prices by between \$25,000 and \$55,000. We estimate that these increases would reduce the rate of car growth to about 3% in the first full year. These increases are necessary for traffic management reasons, not to generate extra revenue per se. To underline this fact, I am pleased to say that I have obtained the Secretary for the Treasury's agreement in principle that the sum of money over and above what would be collected from the increases in FRT can be channelled into a special fund which will be used excessively for transport related purposes, for example, an ERP consultancy and pilot projects, providing better transport interchange facilities and perhaps advancing the building of railways. I expect over \$1 billion to be available in the first year.

I now turn to the quota system. This would be an alternative measure that we may need to introduce should the increases in FRT and ALF fail to reduce the growth in the fleet of private cars to acceptable levels. The mechanics of any quota system are extremely complicated and would require legislation. If a quota system has to be introduced, I would envisage the inclusion of some of the following criteria:

- (a) A pre-set quota for private car;
- (b) certificates of entitlement to purchase a car to be obtained by tender;
- (c) the certificate to be for a specific period of time which could, if necessary, be extended; and
- (d) the entitlement to go with a car — it cannot be transferred (for example, if a car is scrapped, that particular unit can go into the quota.)

Obviously there are other methods. For example, quotas could be balloted, but a system operating on such a basis would result in considerable speculation. What needs to be stressed is that a quota system could not be implemented immediately, therefore it could not replace the use of fiscal measures. The Administration's view is that a quota system is a fallback option and an alternative to further FRT and ALF increases, which may be necessary, as an interim measure, pending the introduction of ERP.

I have spoken about private cars in general but one category of car requires special attention — company cars. They now account for 25% of all cars and about 40% on the roads in peak commuting hours. They benefit from generous initial and annual depreciation allowances by which companies can defer their tax liabilities. We intend to make the ownership and use of company cars less attractive through the reduction or elimination of these tax allowances.

In this exercise we have not examined each and every traffic blackspot in Hong Kong. But there is one particular area — cross harbour traffic — where we see the need for immediate action. Tunnel traffic is the major cause of traffic congestion in the urban areas. Queues for the tunnels are now causing serious interference with non-tunnel traffic in peak hours. At the worst times, on Hong Kong Island, we have seen the signs of gridlock. We cannot wait for the Western Harbour Crossing to free the existing tunnels and remove this traffic conflict. We proposes either:

- the use of passage tax to increase the tolls for the Cross Harbour Tunnel and Eastern Harbour Crossing to \$20 for private cars and taxis and \$8 for motorcycles; or, more radically

- restricting private car use of the tunnels to vehicles with odd or even licence numbers on alternate days.

This brings me to our ultimate goal of using road pricing to achieve the free flow of traffic. Much has changed since Hong Kong first considered ERP some 10 years ago. Many countries and cities in the world, for example, London, Oslo, Stockholm and Singapore, are now looking to road pricing as a fairer means of tackling traffic congestion. Technology has advanced considerably and the privacy concerns expressed previously can be overcome. This is perhaps illustrated by the fast increasing number of autotoll subscribers which now stands at 47 000. Indeed the newest technology simply requires a smart card type device displayed on the vehicle windscreen. No record of a car's passage would be made unless there was a toll violation.

Looking to the future, we consider that road pricing offers the most efficient, equitable and flexible way of dealing with traffic congestion in our urban areas. We therefore propose to engage consultants to advise how best such a system can be implemented as quickly as possible.

Mr President, there are two additional points that I wish to highlight:

First, let me assure Honourable Members that apart from the package of proposals which I have outlined, the Administration will double its efforts and do its utmost to tackle the present congestion problems by more aggressive road management schemes. For example, we will step up enforcement, and consider extending restrictions on access to goods vehicles, as well as loading and unloading particularly during peak rush hours in business districts. Our past effort in co-ordinating road opening has been less than satisfactory and we shall take more stringent steps in dealing with this particular problem, for example, by requiring traffic impact assessment on major roads before granting permission to excavate; consider decking over to facilitate traffic flow during the day and more repair work at night with the use of quieter equipment.

Second, I dare say that some critics will accuse the Administration for singling out the private motorist and lay the blame on the lack of investment in building more roads. Our record speaks for itself. Over the past five years we have spent \$17 billion and over the next five years, another \$30 billion on new highways is envisaged. But irrespective of which side of the argument one supports; the plain fact is that we do not have the luxury of time since new roads require a lead time of four to five years to construct! And what is more, there is really limited scope of providing more roads and flyovers in built-up urban areas — just imagine the space required for entry and exit points and the chaos and disruption this would cause. We simply cannot build our way out of congestion.

Mr President, we must act now. I realize that the Administration's proposed package of measures is controversial. It is thus only right and proper for the Administration to consult widely — in particular, I shall now brief the

Transport Advisory Committee and the Legislative Council Transport Panel in detail. I look forward to a constructive discussion with Members. I also look forward to comments from the trade, from motorists and members of the public.

But I reiterate — there is no easy solution. The choice is ours: traffic flow or gridlock.

Thank you, Mr President.

PRESIDENT: Some Members obviously do wish to ask questions and under Standing Order 20 no debate may arise on a statement such as this, but in my discretion I may allow short questions to be put for the purpose of elucidating the statement. As this statement is a statement of recommendations and there will be consultations before decisions are implemented, I would ask Members please to keep their questions to seeking elucidation of the statement and not to seek to argue the merits at this point in time. Miss Emily LAU.

MISS EMILY LAU (in Cantonese): *Mr President, the Government has just mentioned in its speech that road opening is one of the causes of traffic congestion. However, the Report only touches lightly on this in paragraph 97. Can the Government inform this Council whether the study includes survey on the extent to which the 30 000 to 40 000 road openings in progress in Hong Kong obstruct traffic? When the works on these 30 000 to 40 000 road projects are concluded, will they be able to solve most of the traffic congestion problems? Thank you, Mr President.*

SECRETARY FOR TRANSPORT: Mr President, we do recognize that road openings do indeed contribute to the congestion problem. Honourable Members may wish to note that the Secretary for Works and I will be briefing the panels early next month and I hope we can explain and debate this particular issue then.

MRS MIRIAM LAU (in Cantonese): *Mr President, the new measure proposed by the Government include a substantial increase in the First Registration Tax and Annual Licence Fees. Although they are now in the consultation stage only, it is possible that members of the public may scramble for the purchase of cars, which would result in a sharp rise in the number of private cars. In that case, we would suffer the disadvantages before we could get the benefits. What measures does the Government have to prevent this from happening? Besides, I would also like the Secretary for Transport to inform us how the Administration would conduct the consultation.*

SECRETARY FOR TRANSPORT: Mr President, under section 23 of the Road Traffic Ordinance, the Commissioner for Transport does indeed have power to impose a quota. We have deliberately and consciously chosen not to adopt this particular measure without prior consultation. If there is a surge of private car sales in the next few weeks, then obviously we will have to reconsider our strategy. But the whole basis of the Administration's Report as I said is to consult, and I think because the increases proposed are indeed fairly hefty, this is the proper way ahead. As regards consultation, as I have mentioned in my statement, I shall certainly debate and discuss and explain our proposals in the Legislative Council Transport Panel, and with the Transport Advisory Committee. I shall also make available copies of the Report to all district board chairmen, and chairmen of the Traffic and Transport Subcommittees, and if they invite us and if they wish to discuss the subject, arrangements will be made. Separately, of course, I am sure there will be other forums for discussion of this package in the public.

MR LEE WING-TAT (in Cantonese): *Mr President, just now when the Secretary for Transport mentioned the financial policy, he said that the tolls for the Cross Harbour Tunnel were to be increased by \$10. The Report says that by doing so, the number of vehicles using the Cross Harbour Tunnel would drop by about 6 000 to 7 000 which represents roughly 6% of the present usage rate. From past experience, the line of vehicles would regain its original length soon after the tolls were increased. Can the Secretary say how long the Administration estimates that it will take for the line of vehicles to regain its present length after the \$10 increase. Thank you, Mr President.*

PRESIDENT: I think that is beyond the scope of what you may properly ask under this rather limited right, Mr LEE.

MRS SELINA CHOW (in Cantonese): *With regard to the question of electronic road pricing, everybody knows that it will be very costly to introduce the new technology. Has the Secretary for Transport considered how much it will cost the Government, that means the taxpayers, and the car owners if the technological arrangements mentioned in the consultancy report are to be implemented?*

SECRETARY FOR TRANSPORT: Mr President, our estimate is that a consultancy will cost in the order of \$25 million and that if pilot projects are implemented, this may cost another \$60 to \$70 million, so the total bill will be about \$100 million. I think that since we will be setting up a special transport fund, the cost of such an exercise would be a fair charge to this fund.

MRS SELINA CHOW (in Cantonese): *Will the cost of installing the devices by the car owners in their vehicles be included in the \$100 million just mentioned by the Secretary? If not, how much will the car owners be required to pay?*

SECRETARY FOR TRANSPORT: Mr President, this will obviously be examined during the consultancy, but if we take the autotoll system at present, the charge compared to the total cost in going through the tunnel is fairly minimal, and I would not expect the charge to be more than tens of dollars.

MR JIMMY MCGREGOR: *Mr President, since when something is greatly desirable and is in very short supply corruption almost always ensures, I wonder whether the Secretary has, in considering the quota system which seems to me a particularly dangerous kind of procedure, considered the question of corruption, and whether he has consulted with the Independent Commission Against Corruption on the possible issue of corruption?*

SECRETARY FOR TRANSPORT: Mr President, as I said, the quota system would be a fallback option, and I also explained that we would need to study this in much, much greater detail and as part of that exercise, we will certainly consult the ICAC.

MR WONG WAI-YIN (in Cantonese): *Mr president, just now the Secretary in his statement mentioned that he has obtained the Secretary for Treasury's agreement that the sum of money over and above what would be collected from the increases in First Registration Tax (FRT) can be channelled into a special fund which will be used for providing better transport facilities. I recall that a year ago, when the Government proposed increasing passage tax for motor cars, some Members of this Council suggested applying extra income generated therefrom towards a similar fund to ease traffic problems. At that time, the Government said it was impossible to do so as there was only one account in the Treasury and there should not be more than one. Would the Secretary explain why the Government changes its mind now and decides that we can have another account? Thank you, Mr President.*

SECRETARY FOR TRANSPORT: Mr President, surely this is a positive step forward, and if we are prepared to do this I would have thought that the Honourable Member should be happy. I do not think it is important for us to explain the reasons why we are prepared to do this.

MR TIK CHI-YUEN (in Cantonese): *The focus of the Report is on traffic congestion problem caused by private vehicles. However, as far as I understand, goods vehicles also constitute an important factor leading to traffic*

*congestion, especially in new towns. Will the Government inform us whether it has considered the problem caused by goods vehicles in this study and whether it will adopt corresponding measures to tackle the problem?*

SECRETARY FOR TRANSPORT: Mr President, our figures show that the growth in goods vehicles has been very constant at 1% over the last year or so, and we do not think that particular category of vehicles is causing a problem. Obviously there is congestion on some of the highways in the New Territories because of container traffic, but we will continue to monitor this.

## **MOTIONS**

### **REGISTRATION OF PATENTS ORDINANCE**

THE SECRETARY FOR TRADE AND INDUSTRY moved the following motion:

"That the Registration of Patents (Fees) (Amendment) Rules 1994, made by the Registrar of Patents on 3 October 1994, be approved."

She said: Mr President, I move that the Registration of Patents (Fees) (Amendment) Rules 1994 be approved.

The fees payable to the Registrar of Patents in connection with the registration of patents were last revised in November 1992. The amendment Rules seek to increase these fees to take into account inflation since the last review and to bring them into line with fees charged for similar services relating to the registration of trade marks. This is consistent with the established policy of ensuring users pay the full cost of the services provided.

Mr President, I beg to move.

*Question on the motion proposed, put and agreed to.*

### **HOSPITALS, NURSING HOMES AND MATERNITY HOMES REGISTRATION ORDINANCE**

THE SECRETARY FOR HEALTH AND WELFARE moved the following motion:

"That, with effect from 1 December 1994, the Schedule to the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance be amended -

- (a) in item 1 by repealing "1,350" and substituting "6,815";
- (b) in item 2 by repealing "90" and substituting "900".

She said: Mr President, I move that the Schedule to the Hospitals, Nursing Homes, and Maternity Homes Registration Ordinance be amended as set out under my name in the paper circulated to Members.

The proposed amendments seek to revise the fees payable on the first and subsequent registration of a hospital or maternity home.

It is government policy that fees should in general be set at levels sufficient to recover the full costs of providing the services. The fees described above were last set in 1989. To take into account the increase in costs and inflation since then, the fees should now be increased.

The revised fees represent an insignificant percentage of the total operating costs of the trade. The impact of the fee revision on consumers should be negligible. We have consulted all private hospitals and maternity homes and they have no objections to the proposed revision of fees.

With these remarks, I move the motion.

*Question on the motion proposed.*

DR LEONG CHE-HUNG: Mr President, I stand to speak on the amendment of the Schedule to the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance as moved by the Secretary for Health and Welfare.

The purpose of the amendment is in essence to increase the fees for first registration of hospitals and so on from \$1,350 to \$6,815 and subsequent registration fee from \$90 to \$900. This is to support a substantive and enlarged team consisting of a Principal Medical and Health Officer, a Senior Hospital Administrator, a Senior Nursing Officer and a Clerical Officer, instead of just a Senior Medical and Health Officer and a Clerical Officer.

Mr President, I have no intention to oppose the amendment but would like to be assured, for the sake of proper public safety, that the monitoring job carried out by the team is not only effective and efficient but seen to be so. In particular, it would be most helpful if the public and this Council could be given the privilege of knowing the yardsticks used by the team during their initial vetting for registration and subsequent regular visits for re-registration in relation to staffing support, and the availability, accessibility and proper maintenance of essential and life supporting equipments.

The incidence of nitrogen being used instead of oxygen during anaesthesia resulting in loss of life a few years ago should never be allowed to repeat.

*Question on the motion put and agreed to.*

## **BILLS**

### **First Reading of Bills**

#### **PENSIONS ORDINANCE (MISCELLANEOUS AMENDMENTS) BILL 1994**

#### **ANIMALS AND PLANTS (PROTECTION OF ENDANGERED SPECIES) (AMENDMENT) BILL 1994**

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

### **Second Reading of Bills**

#### **PENSIONS ORDINANCE (MISCELLANEOUS AMENDMENTS) BILL 1994**

THE SECRETARY FOR THE CIVIL SERVICE moved the Second Reading of: "A bill to amend certain Ordinances relating to benefits payable to and in respect of public officers."

He said: Mr President, I move that the Pensions Ordinances (Miscellaneous Amendments) Bill 1994 be read a Second time.

The purpose of this Bill is to remove anomalies which became apparent during the implementation of changes to dependant pensions and related benefits introduced by the Pensions Modification Ordinance 1993 and to provide further improvements to the administration of pensions. These amendments are mainly technical in nature. I shall however elaborate on the more important proposals:

The Board of Directors of the Surviving Spouses' and Children's Pensions Scheme will be granted discretion to accept a disabled child for the receipt of a dependant's pension, even if the disability arises after the death of the contributor. Also, a disabled child of a deceased contributor may, at the discretion of the Board, continue to receive a dependant's pension even after his adoption by another person. This latter provision aims to encourage the adoption of disabled children.

The method of computation of additional pension for injury on duty was changed by the Pensions Modification Ordinance 1993. Our original intention was only to apply the new computation method to injuries sustained on or after 1 February 1993. In order to achieve this, the Pensions Ordinance will be amended to provide for the additional pension to be granted in accordance with provisions prevailing at the date of injury instead of at the date of retirement. This amendment will take retrospective effect from 1 February 1993.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **ANIMALS AND PLANTS (PROTECTION OF ENDANGERED SPECIES) (AMENDMENT) BILL 1994**

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to amend the Animals and Plants (Protection of Endangered Species) Ordinance."

He said: Mr President, I move that the Animals and Plants (Protection of Endangered Species) (Amendment) Bill 1994 be read a Second time.

The Animals and Plants (Protection of Endangered Species) Ordinance gives effect to the Convention on International Trade in Endangered Species of Wild Fauna and Flora. Hong Kong is a party of this Convention through the United Kingdom. In keeping with the requirement of the Convention, this Ordinance regulates international trade in endangered species of animals and plants.

There is growing concern in the international community over the rate at which many species of animals and plants are becoming endangered. There is particular concern over illegal trade in certain highly endangered species, such as rhinoceroses, tigers and some species of bear, which are now threatened with extinction because of the demand for parts of these animals for use as ingredients in traditional medicines.

It has become clear in our investigations that the maximum penalties for offences under the Ordinance — the highest of which is a fine of \$50,000 and six months' imprisonment — are negligible in comparison with the potential profits from illegal trade in endangered species of animals and plants.

The Animals and Plants (Protection of Endangered Species) (Amendment) Bill 1994 seeks to increase substantially the penalties for contraventions of the current restrictions on the international trade in and possession of endangered species.

The Bill also proposes different levels of penalties according to whether the offence is committed for a commercial or non-commercial purpose and whether the species involved is highly endangered.

It is proposed that the import, export or possession of an endangered species without a licence for a commercial purpose should attract relatively higher penalties. The bill provides that where such an offence involves a highly endangered species, the maximum penalty should be a fine of \$5 million and two years' imprisonment and, where the offence involves a less endangered species, a fine of \$500,000 and imprisonment for one year. Lesser maximum penalties are proposed for offences committed for a non-commercial purpose.

The Bill also proposes that the maximum penalties for furnishing false information when applying for a licence, failure to comply with various licensing requirements and obstruction of an authorized officer in conducting enforcement operations should rise substantially.

Mr President, the measures proposed in the Bill complement others currently being taken by the Government to improve enforcement of the Ordinance and to increase public awareness of its requirements. We have stepped up our inspections as a result, improved our liaison with non-government organizations and embarked upon a wide ranging and long-term programme of public education, targeting schools, travellers and traders of traditional medicines and animals and plants. Hong Kong is firmly committed to playing its part in the international effort to protect endangered species. The proposals in the Bill indicate the Government's determination to protect endangered species of animals and plants. The proposals are also intended to send the clearest signal to all traders and potential users alike that illegal trading in endangered species of animals and plants will not pay.

*Bill referred to the House Committee pursuant to Standing Order 42(3A).*

## **PRIVATE MEMBER'S MOTIONS**

PRESIDENT: I have accepted the recommendation of the House Committee as to time limits on speeches for the motion debate and Members were informed by circular on 7 November. The mover of the motion will have 15 minutes for his speech including his reply and another five minutes to reply to proposed amendments. Other Members, including movers of amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

## **OLD AGE PENSION SCHEME**

MR TAM YIU-CHUNG moved the following motion:

"That this Council is of the opinion that the Government has to assume greater financial responsibility for the Old Age Pension Scheme and, at the same time, should attach due importance to the views expressed by the

public during the consultation period in order to refine the Scheme and take positive steps to improve the existing welfare system for the elderly before the Scheme comes into operation."

MR TAM YIU-CHUNG (in Cantonese): Mr President, I move the motion standing in my name in the Order Paper.

This is the third time, since I joined this Council in 1985, that I move a motion relating to retirement protection. This is also the sixth time that I take part in a debate of this nature. Each debate had something in common — not in terms of what was said, but in terms of the number of people taking part. There were many participants in each debate, and I believe this is also the case this time, although at the moment there are not too many present. Everybody is willing to take the trouble to go into great details about this same subject and this shows that everybody wants to solve the problems relating to retirement protection as soon as possible. Unfortunately, every time a motion was put forward, it was either negated due to objection by the Government or repeatedly amended. I trust this is going to be the case today.

Mr LAU Chin-shek has criticized the wording of the motion I moved as not specific enough, this I admit, and, for this reason, he has proposed to amend my motion. However, I will object if my motion has been described as neither fish nor fowl. The nature of the original motion is in fact rather principled. Although it is not as specific as that in the amendment proposed by Mr LAU Chin-shek, its position and direction are extremely clear. We conditionally support the Old Age Pension Scheme (OPS) put forward by the Government. To better implement the OPS, we hope the Government can assume greater financial responsibility and, before formally implementing the same, take an active role in improving the existing welfare system for the elderly. I have not put down in my motion specific percentages and figures because I hope to be able to secure more support from colleagues in this Council. Since I see no contradiction between my motion and the amendment proposed by Mr LAU Chin-shek, I will support his amendment. However I will not consent to the amendment put forward by Mr James TIEN, for he intends to replace the OPS with an improved Comprehensive Social Security Assistance (CSSA) Scheme and he has chosen to avoid the OPS. Therefore, I think it is Mr James TIEN's amendment that is really neither fish nor fowl.

After putting forward the motion for debate, I have written to all colleagues present asking them to support the motion. A couple of days ago, some newspapers described me as a well-meaning person who tried to convince Members to be united. Allow me to be well-meaning again now, I would like to urge all of you not to indulge any more in ideological disputes as regards whether the OPS is a retirement fund or an old age fund, or whether the OPS is social welfare or social protection and thereby forfeiting a scheme which almost comes to hand. I recall that in July 1991, when moving a motion on retirement protection, I cited a true story about a Mr CHAN and his wife, both of whom were over 70 years of age, weak and had no one to depend on. After a lapse of

more than three years, not only have the condition of Mr CHAN and his wife remained the same, similar stories are also coming up over and over again. Is this not saddening and annoying?

Mr President, there have been numerous proposals on how to solve the problems relating to retirement protection for the elderly. Indeed, well before the Government put forward the OPS, the Democratic Alliance for the Betterment of Hong Kong (DAB) and the Hong Kong Federation of Trade Unions (HKFTU) have designed a perfect "cover-for-the-elderly" suit. The two-piece suit includes a "jacket" that resembles the OPS and a pair of "trousers" which is the central provident fund. What is most annoying is that the Government now takes away the "jacket" and has repeatedly stated that it wants to do away with the pair of trousers, too. As designer, we regard this arrangement without trousers as absolutely unsightly. We will certainly continue to press for what we want. We opine that rather than going "stark naked", we would rather grab the jacket first and then make improvements by lengthening it into a make-shift dress. This dress may look odd, but at least it provides more cover to the body than what the female protagonist can get in *Basic Instinct* as mentioned by Mr Donald TSANG.

After some research, the DAB proposes on the "processing" of this shrunk jacket as follows:

The DAB is of the view that the Government should inject \$10 billion to launch the OPS. Certainly, this would be a gesture to indicate its willingness to assume the necessary financial responsibility, however, this is not enough. For the OPS to be viable and for obtaining more support from the community, the Government, the employers, and the employees should jointly contribute the monthly to the OPS at the rates of 2.5%, 1.5% and 1% of the monthly salary respectively. Contributions from employees earning less than \$6,000 a month should be exempted.

We are also of the view that the Government should set a ceiling for contributions by employees. As a start, the ceiling may be set at an annual salary of \$500,000, subject to adjustments in future. Furthermore, to make the Scheme a fairer and more reasonable one, the Government should also grant death benefits to dependents of employees who pass away within the contributing period. The amount of death benefits may be fixed at a certain percentage of the accumulated contributions made by the contributor. In addition, to ease the burden of employees, contributions from employees, like those from employers, should be tax-deductible.

The DAB's proposal is not something made behind closed doors. Since August this year, the DAB has been conducting forums, signature campaigns, and a large-scale survey through questionnaires distributed to people in the street. We found that over 70% of the respondents favoured the idea of implementing the OPS in Hong Kong. Most of the respondents thought that the Government should contribute in the same as the employers and employees, and

that there should also be a ceiling of contributions as well as arrangements for death benefits.

Mr President, the "cover-for-the-elderly" comprehensive proposal put forward by the DAB and the HKFTU is the best scheme in making provisions for the elderly after their retirement. The proposal was endorsed and highly applauded by Professor N W S CHOW, who was among the 78 scholars who jointly signed an opposition to the Government's OPS. However, in a recent article, Professor CHOW criticized me and my colleagues in the HKFTU for being too "carried away in supporting the Government's proposal" and for having lost the determination in former days to press for retirement protection for workers". He queried "whether we are satisfied with the Government's messy OPS, or whether we have put aside the comprehensive proposal which was the product of years of research". Let me assure Professor CHOW that we have never forgotten our comprehensive proposal, nor have we been just satisfied with the OPS but without a central provident fund or mandatory provident fund. We still hold that a contributory provident fund may allow young workers to rely on money from instalment payments made by themselves for the support they need when they grow old. A central provident fund may also embody the spirit of more gains through more contributions. On the other hand, a "pay-as-you-go" old age pension scheme can give full play to the spirit of a collective social safety net. This scheme can immediately ease the various degrees of economic difficulties which 600 000 old people of over 65 find themselves in, and prepare Hong Kong for an ageing population. We are of the view that our comprehensive proposal mentioned above and the OPS proposed by the Government are not mutually exclusive, but if implemented concurrently, they can be complementary to each other.

Therefore, the DAB very much regrets that the Government intends only to implement the OPS and flatly rejects the establishment of a central provident fund or a mandatory provident fund. We will certainly not give up fighting for a provident fund, as we have already been doing so in the last scores of years.

Mr President, Mr LAM Woon-kwong said in July, when launching the consultation paper on the OPS, that the Government will consider whether to implement the Scheme before year-end, after the expiration of the consultation period by the end of October. Now it seems the Government has recently changed its tone and now it is saying it will figure out what to do next before year-end. While I do not intend to doubt the Government's sincerity in implementing the OPS, I agree that the Government needs to reach a consensus with the Chinese Government before implementing the OPS. This inevitably takes time. During the transition period, the livelihood of our elderly citizens needs to be improved. Therefore, we think the Government should, before implementing the OPS, increase the present CSSA payment to 30% of the medium wage, that is, \$2,300. At the moment, many elderly people in need are discouraged from applying for CSSA because of the strict application requirements and the complicated application procedures involved. The DAB very much hopes that the Government will relax the qualifications for

application and simplify the relevant application procedures so that the CSSA scheme may benefit more elderly people having financial difficulties and enable them to spend their later years in dignity.

I must, however, point out that the payment made under the CSSA scheme alone can only help a small number of people living in abject poverty — it is not a long-term solution to problems faced by most of the elderly in their later years. Furthermore, the Government is now spending up to \$4 billion on Old Age Allowance and CSSA payments. If by the year 2030, the number of elderly residents increases by three times, the Government's expenditure will be as much as \$12 billion, equivalent to 4% of the rate of contributions made by the Government to the OPS. Can our society as a whole afford this? Will this cast too heavy a burden on the future Special Administration Region Government? In the long run, the OPS and the central provident fund scheme should be implemented side by side.

Mr President, with these remarks, I beg to move.

*Question on the motion proposed.*

PRESIDENT: Mr James TIEN and Mr LAU Chin-shek have given notice to move amendments to this motion. As Members were informed by circular on 3 November, under Standing Order 25 (4) I shall ask Mr James TIEN to speak first, to be followed by Mr LAU Chin-shek; but no amendments are to be moved at this stage. Members may then debate the main motion as well as each of the two amendments listed in the Order Paper.

MR JAMES TIEN: Mr President, I believe that the Administration and all legislators share the noble objective of a dignified life for senior citizens even if we differ on the methods in achieving this. The Liberal Party has expressed in its founding charter that it is vital for Hong Kong to have retirement coverage for every working person, though not necessarily the universal Old Age Pension Scheme (OPS) so suddenly favoured by the Government. After much internal discussion and consultation with overseas and local experts, the Liberal Party had decided on a two-pronged approach of improving benefits for the needy elderly right away and to implement a compulsory retirement scheme for the rest of the working population.

We hold strongly to the stance that retirement protection and social welfare should be addressed seriously — yet separately. My colleagues Dr LAM Kui-chun will elaborate on the social welfare aspect of the Liberal Party platform, Mr Howard YOUNG will rebut some of the Government's claims for its old age pension plan, and Mr Henry TANG will point out the flaws of the consultative exercise that ended recently. I will focus instead on our recommended compulsory occupational retirement scheme that has most virtues of the Government's pet theme and fewer of its flaws.

Universal OPS or social security in one guise or another has been practised in the West for decades. Even after years of reforms and tinkering, such programmes are bankrupting many countries which subscribe to it initially as a sensible scheme. Gone over there nowadays is the assumption that they would always have enough younger workers to support the elderly and that economic growth could sustain complete social security indefinitely. Changed demography, longevity and escalating costs for geriatric care, general health and every item are distorting the pay as you go plan which had been politically popular. Even now the Government here has not convinced itself, let alone us, why it has abruptly embraced the old age pension notion which it had earlier dismissed or why a scheme that is failing everywhere else can work in Hong Kong for the next 50 years.

Mr President, the compulsory Occupational Retirement Scheme that we propose is effectively an individual savings and investment plan. The philosophy behind it is simple: those who pay into the kitty get back what they put in with interest plus. Participants do not subsidize others the socialist way. Nor do they leave their money to depreciate because the capital collected would be invested throughout their working life. The dividends would be collected by the retiree either in a lump sum or monthly instalments when they cease to work. The return on the funds, if it is typical of Hong Kong for the past decade, would be 18% a year which is much higher than the 12% in the United States or 12.5% in western European nations. The proposed OPS, a form of salary tax, cannot boast a dividend, let alone such handsome gains.

The Liberal Party proposed scheme requires that employer and employee each contributes a matching 5% of the worker's salary. The amount may seem much to many seduced by the Government's proposed universal old age pension which extracts only 3% from both parties. But as any merchandise whose price is too good to be true, the OPS is likewise an unrealistic bargain with costs that would in time soar. What is more, the proposed OPS is sure to consume more and more of any salary because the Government cannot let benefits decline in the face of inflation until they are an embarrassment. The Government's plan may yield only 8.6% of the average income after 30 years in the work, an amount that can hardly afford anyone a comfortable life. Our alternative, even calculated on a conservative forecast of economic growth, can deliver 30% of salary after the scheme is in place for 30 years and 44% after 40 years.

The most vulnerable to old age poverty are those earning a low income. Our plan intends to exempt contribution from any worker earning less than \$6,000 a month in today's terms even though his employer is compelled to put 5% into the scheme. Any contribution he wishes to make is entirely voluntary which we encourage. Foreign domestic workers and imported workers under the General Labour Importation Scheme will not have to pay. Experts studying our plan reckon that a worker now earning \$4,000 a month will get \$3,700 in today's terms after 40 years which is \$1,600 more than the Government offer. I also disagree with the assumption that someone in a low wage range today will remain there forever. Economic upward mobility is common in Hong Kong. If

employers and employees are not content with the basic scheme of 10%, they may draw up their own contract above and beyond the bottom line. This too is entirely in keeping with the imaginative, flexible approach to management.

Like any savings or investment account, our proposed retirement scheme belongs to the worker who may take it with him as he switches jobs. He is free to commit his benefits to whichever fund he believes can deliver him the maximum gains and to collect these upon retirement at his leisure. There would not be any doubt that the money is his rather than a state largesse or a charity.

To secure these funds which would amount to the hundreds of billions of dollars, we propose that legislation be enacted to ensure they are expertly managed by trustee and insurance companies under similar rules which now guide the banks. For added security, a retirement scheme protection levy to compensate subscribers by up to 90% should be established as a contingency. For choice and competition, the Government may set up a publicly run provident fund that submits to the same regime of rules and regulations as private ones.

Mr LAM Woon-kwong claims that the majority of the 4 900 submissions his office has received support the OPS. I wonder how many of these were individual submissions. I hope Mr LAM would go about assessing the opinions with an open mind and include all proposed plans, the Government OPS being just one of them. I also think some submissions are more weighty than others.

The Hong Kong General Chamber of Commerce (HKGCC) has conducted its own survey and 85% of the respondents are against the OPS. Besides HKGCC, the Chinese General Chamber of Commerce, the Chinese Manufacturers' Association, and the Federation of Hong Kong Industries, representing the broad range of local companies, all object the OPS, but back the separation of social welfare from retirement fund in principle.

Mr President, with these comments, I ask that my Legislative Council colleagues here today support my amended motion for all provident fund proposals to be earnestly considered and for the Government to improve means tested social welfare for the needy elderly without delay.

MR LAU CHIN-SHEK (in Cantonese): Mr President, please allow me to begin my speech with a poem composed to the tune of a classical Chinese verse "The Beautiful Lady of Yu".

Dissensions, from all sides, when are they to end?

The extent of delay, who can understand?

Repeatedly, into the caged home, last night, the northerly gust blew,

Inside his bedspace, the greyhaired oldster shivered through!

Tall are the buildings that towered into the sky.

Northing but his face changed along their sides!

May I ask what more can be your misery?

But a sigh at empty pockets for sheer poverty.

Mr President, one of the reasons why I withdrew the motion debate on the Old Age Pension Scheme last month was that to my belief, it was no longer the time for debating the question of "how to provide protection to the elderly". Instead, it was time to make a decision.

Today, no longer would anyone have thought that members of the public do not need retirement protection. But insofar as the question of "what kind of retirement protection is needed" is concerned, the community is somehow polarized. The chambers of commerce oppose the provision of old age pension while labour organizations support it. Behind this controversy in fact lie different notions. That is, whether it implies "one caring for one's own self" or "the haves helping the have-nots and those who are better-off helping the less fortunate"?

The economic development of Hong Kong has reached the standard of a developed country but I think it is necessary for Hong Kong to proceed towards a progressive society. A progressive society is a society in which justice is increasingly being upheld and the people in that society care for each other. I believe that a progressive society with justice and solicitude is a clear goal for us to pursue. In fact, this is a concept that the majority of the community accept. This can be explicitly reflected by the fact that public opinions are mostly in favour of the Old Age Pension Scheme.

My amendment to the Honourable TAM Yiu-chung's motion actually presents the gist of the suggestions on the Old Age Pension Scheme as proposed by the labour sector, the Hong Kong Federation of Trade Unions and the Hong Kong Confederation of Trade Unions. That is, the Government must participate as a contributory party in the Old Age Pension Scheme, rather than passing the responsibility to employers and employees. Only a pension scheme funded by "tripartite contributions" can add to the viability of the scheme and at the same time increase the amount of pension payment. This is a major premise for the labour sector to support the Old Age Pension Scheme.

As for the Honourable James TIEN's amendment, it neither supports nor opposes any of the retirement protection proposals (including the Old Age Pension Scheme). If the amendment is passed in this Council, it will mean that this Council takes no position on this matter. I think it is like "marking time" and does little to help facilitate the early implementation of retirement

protection for the elderly. The Old Age Pension Scheme is a practical scheme brought forth by the Government for our consideration. As the consultation period on this scheme is over, it is time for this Council to take its position or else the scheme will have to be deferred. That the matter is left undecided will be, I believe, detrimental rather than beneficial to members of the public, particularly those elderly people who are waiting to receive their pensions. All in all, I consider any welfare protection proposal which provides for the elderly financially as early as possible is a good proposal and deserves our support.

Therefore, the Government must immediately increase the standard payment rate of the Comprehensive Social Security Assistance for the elderly to \$2,300 before actually implementing the Old Age Pension Scheme. Meanwhile, the Government must ensure that the Old Age Pension Scheme will be implemented as soon as possible before 1997. As for the central provident fund, despite the Government's opposition at this stage, I believe that we should continue to strive for it by all means, including tabling Private Member's Bills with a view to further enhancing the entire retirement protection system.

Mr President, these are my remarks.

MR HUI YIN-FAT (in Cantonese): Mr President, although the three and a half months' consultation period for the Old Age Pension Scheme (OPS) came to an end last week, there is still no conclusion to the dissensions on the subject, and it seems unlikely that a consensus will be reached even after the debate in this Council today. In fact, the controversies arising from the OPS are not on whether or not a retirement protection system should be set up in Hong Kong as soon as possible, since the public has already reached a consensus in this respect. Rather, the Scheme has not only provoked the conflict of interests between employers and employees but as the contribution now is also uncommensurable with earnings in the future that a great dissimilation has arisen amongst the salaried class.

In my opinion, the Government ought to be held responsible for the worrying and perplexing situation today. Throughout the past 30 years, people and organizations that have insight, including the Hong Kong Council of Social Service to which I belong, have time and again been asking the Government to set up a central provident fund so that we may put away for a rainy day for the aging population in the future. Unfortunately, the Government has not been resolute enough and it has been lacking a long-term commitment for the welfare of the community. Many a time it let go of the opportunity to set up the fund. Until now when the problem of an aging population becomes pressing, the Government then resorts to a hard-selling approach by trying to push through with an imperfect scheme and forcing the public to accept this while giving no other choice. It must be realized that once this Scheme is implemented, the entire working population of Hong Kong will have to take part in it regardless of how much they earn. If the Government wants the public to take part genuinely convinced, it must try to listen to public views. This will ensure a

smooth implementation of the long-term policy with the full cooperation of the public.

I understand that balancing the interests of all parties is a thankless task. We must discuss the matter in an objective and sensible manner and should not speculate under any political motive. We all know that the success or failure of the Scheme hinges on whether the Government is accurate in its projection of population growth, structural changes and economic growth in the next 30 years, and these are the most disputed areas. If in the end, we cannot totally deny that the Scheme has its merits, neither could we not fully believe in the figures of the Government and its consultant companies, we could only urge the Government to make improvements.

The Hong Kong Council of Social Service, to which I belong, and I have the following four opinions on the Scheme:

- (1) We must recognize that a retirement protection system is not only something which the Government is responsible for providing, it is also an entitlement for every citizen. Anybody, regardless of any contribution he might have made towards it in the past, may receive the benefits so long as he meets the basic requirements. This is because pension is the kind of return offered to the elderly by the community. It also shows the right attitude of the community in affirming the contributions made by the elderly when they served in different posts in the society in the past.
- (2) The amount of the "pension" as proposed by the Government tallies exactly with the conclusion of Dr MacPHERSON on his study on the basic need of a single elderly person, namely \$2,300 a month. Strictly speaking, it only represents the minimum financial assistance for an elderly person. According to the proposal of the International Labour Organization, pension should be equivalent to about 40% to 45% of the average monthly wage of general workers. As there will be actual difficulties in increasing the contribution rates for both employers and employees, I think that apart from injecting fund for starting the scheme, the Government should also be required to make one-third of the contributions and be committed to bear all extra expenses should the funds fall short of the expenses. If the Government has sufficient funds, it should consider pegging the annual adjustment mechanism of the pension with the extent of increase in the wages of workers in real terms after taken inflation into account, so that members of the public are able to share the fruits of economic prosperity in their old age.
- (3) I still insist that the best solution for the elderly people to have a financially secured old age is to set up a central provident fund or a mandatory provident fund. Although the Governor has in his policy address ruled out the setting up of a central provident fund once

again with the statement that "the aid is too slow to be of any help", he cannot deny that only provident fund gives the most protection to employees upon retirement. Therefore, even if it may take a longer time for us to realize the effect of the provident fund system, I propose that apart from implementing the pension scheme right away, the Government should also carry out a central or mandatory retirement protection scheme that is contributory, transferable with the change of jobs and payable only upon retirement. In this way, 1.5% from each of the 5% contribution made by employers and employees may be set aside as pension while the remaining amounts of the contribution can be used as provident fund contributions. This arrangement will not increase the burden of employers and employees, and it is also in keeping with the spirit of working harder, to earn more.

- (4) Once a pension scheme is implemented, the existing Comprehensive Social Security Assistance System, especially long-term supplement and other special allowance must be retained to ensure that the level of assistance received by the assisted will not be lowered. In fact, since the OPS cannot completely eliminate public worries about their life in old age, I suggest the scheme be renamed as "old age allowance".

Mr President, since the Executive Council had made it known at the end of 1991 that the Government would launch a study on the implementation of a mandatory retirement scheme, the Government has been adjusting its attitude and position on the issue almost every year for the past 3 years. Members of the public are certainly doubtful about the constancy and credibility of the Government's decisions. The public has actually become tired of the Government's political manoeuvring on these matters. I hope that the Government can quicken its pace and eradicate public worries about their old age as soon as possible, thereby reducing factors of uncertainty existing before and after the handover of sovereignty.

Mr President, these are my remarks.

MR JIMMY MCGREGOR: Mr President, I am in a quandary, a cleft stick, a state of perplexity and indeed a philosophical dilemma. I was elected to this Council by the members of the Hong Kong General Chamber of Commerce. Although the Chamber for some years supported the concept of an old age pension scheme, it has now come out very strongly indeed against the pension proposals by the Government. Indeed, Chamber senior members and senior staff are in the media almost every day denouncing and denigrating the Old Age Pension Scheme (OPS). Together with nearly every other major commercial and industrial organization in Hong Kong, the Chamber seems to believe that the proposed OPS would be an unmitigated disaster for Hong Kong.

This is not the first major retirement protection scheme that the Chamber, and business generally, have rejected totally. For the past 20 years at least the Chamber had poured cold, indeed icy, water on any proposal for a central provident fund scheme. Hansard is full of descriptive references to any notion that the Government should consider, let alone introduce, a central provident fund. Business opposition has been implacable and intense.

The Chamber and most other business organizations have also strongly rejected the government proposals for a mandatory extension of private sector provident fund schemes to include the entire workforce. These proposals by the Government were severely treated in this Council last year. Hansard once again records the deathless prose of those in opposition. If I had more time, I would read out some of the scathing references from fellow Councillors. The Government backed off, though long and hard, and finally decided that it has an obligation, in this wealthy territory, to provide our aged people with a small pension for the lifetime of work they had contributed to the roaring economic success of Hong Kong. In coming to this conclusion, they followed dozens of other territories, many of them less wealthy than Hong Kong.

The business sector was, and is, outraged by what is felt to be an uncontrollable freefall into the quagmire of a welfare state. Dire consequences are predicted and detailed arguments have been adduced in opposition to this third and last category of comprehensive retirement scheme. Concomitantly however business seems to be well aware that our aged need better treatment. The business response is that they should be given greater government financial assistance in the form of public assistance and social welfare not through a social security scheme. The social welfare need must be established of course by means testing. The larger the payment, the tougher the means test.

I come now to my personal dilemma. I have argued in favour of an OPS, to be administered by the Government, for many years. I consider that a territory as rich as Hong Kong, providing larger and larger economic gains every year, can and must bring into use a social security system that will provide reasonable reward to all those people who have worked most of their lives to contribute to the creation of wealth but who finish up with very little of the wealth they helped to create. In the context of retirement protection there is a great difference between social security and social welfare. The first is a retirement benefit by right and the second is a form of charity for the desperate.

The distribution of wealth in Hong Kong is like no other in the world. It has been the springboard for our economic success but it has never provided adequate protection or reward for our elderly. That is why half a million aged people claim and receive a paltry Old Age Allowance of just over \$500 a month. This is why we have to provide another around 100 000 people with public assistance allowances of one kind or another. All these payments amount to a form of charity in my view.

Various major commercial organizations have stated that workers should save conscientiously throughout their working lives to be able to enjoy their savings when they are old. Some have suggested that aged Chinese have a cultural objection to accepting charity. What arrant nonsense. Most of the people making such statements have never had to sleep in a metal cage, nor queue for many hours at a public hospital, nor plead for public assistance nor face the hundred other humiliations of poverty. How can a worker, married and with children save for his old age on a median wage of \$7,000 a month? There is a great deal of hypocrisy in the assurances by many organizations that they are all deeply concerned with the welfare of Hong Kong people and with the security of our aged people. I would say that concern and sympathy are of little use. Financial retirement support is a far better expression of social justice.

The Hong Kong Democratic Foundation strongly endorses these views and has consistently advocated the introduction of a state administered old age pension scheme. The Foundation, composed largely of businessmen and professionals, supports the government proposals but has suggested a number of changes to be considered during the second phase of consultation, once the legislative process has begun.

There is no time today to discuss details of the proposed scheme. That will come later and the Chamber will, I hope, undertake constructive dialogue and discussion with the Government in seeking changes. So will the Democratic Foundation. So will I, on the Bills Committee. So will many others.

From this process, an OPS will at last emerge to provide some measure of security and dignity to our elderly citizens. I must express the deepest hope that China will accept the need for this social security scheme, long overdue and at last in sight.

I support the motion by Mr TAM Yiu-chung and reject Mr TIEN's amendments.

MR PANG CHUN-HOI (in Cantonese): Mr President, this Council today is again debating the motion on retirement protection which the labour sector has fought for decades. Since 1985, we have been having similar debates every year. Every time the debate was heated but invariably the Government turned a blind eye to the result of each motion debate. The Government has ruled out the introduction of a central provident fund, but what is more frustrating is that the Government has also withdrawn the mandatory retirement protection scheme it initiated.

The Government introduced the Old Age Pension Scheme (OPS) to this Council towards the end of last year and published a consultation paper in July this year. There has been a keen interest across the community and views are divided. All these are within the expectation of the Government. Although the

analysis of the findings are yet to come, I am not optimistic at all because of the following reasons:

- (1) open opposition from the industrial and commercial sector;
- (2) opposition also from people who are already covered by provident fund schemes or retirement protection;
- (3) opposition from high salary earners, including the middle class;
- (4) opposition, again, from some academics and professionals; and
- (5) the most important of all is opposition from our future sovereign state — the Chinese Government.

Although the Government claims that about 70% of the population support this scheme, and the labour sector is strongly in favour of it, hoping that there will be universal retirement protection, unfortunately, I can foresee that this scheme is doomed to abort.

I make this forecast because when the Governor came back from his recent London trip, he said at the airport that, "the OPS must go beyond 1997, therefore it must be discussed with and approved by the Chinese side before implementation." Also, the Deputy Secretary for Education and Manpower, when asked on 1 November by the press on the OPS, said, "We never said there would be a decision on the implementation of this scheme by the end of this year. We simply said that we would decide on the next step by that time." This is in fact the undertone for backtracking by the Government, facilitating the final withdrawal by the scheme at any time.

I hope that both the Secretary and Deputy Secretary for Education and Manpower can check the Hansard on 19 January 1994. In response to my "Retirement Protection Scheme" motion, the Secretary for Education and Manpower said that the Government would "make a decision on whether to proceed with the OPS before the end of this year." I strongly urge the Government to honour its promise, be accountable to the public and announce the result before the end of this year, instead of going back to square one now after procrastinating for several decades.

Mr President, today I will vote in favour of Mr TAM Yiu-chung's original motion and Mr LAU Chin-shek's amendment, because at least their motions can serve the purpose to increase the amount of public assistance for those in need and who cannot help themselves. This is certainly achievable for the Government with its present financial position. As to Mr James TIEN's amendment, I will vote against it.

Mr President, with these remarks, I support the motion.

MRS ELSIE TU: Mr President, as usual, the Government has tried to pre-empt this motion by brainwashing the public into believing that the majority of submissions on the consultation paper supported the government scheme. From my observations, from grassroots to business, the Scheme is about as popular as the poll tax was in Britain — a scheme probably emanating from, and certainly propagated by the same source. For those who do not know, the poll tax resulted in passive resistance and finally riots, before it was shelved. I challenge the Government to publicize all the submissions, and not just give us their own interpretation of them. Of course, the pensions scheme must be popular with the elderly, who have been stuffed with the lie that all they have to do is to say "Yes" and the pension will reach them by return of post. Those who have studied the Scheme know the fallacy of this cheap and hollow promise.

It has been clear for the past two years that the Government is totally ignorant of Chinese thought and culture. Like all cultures, there is room for gradual improvement, but there is one characteristic of the Hong Kong people that we should cherish, that is, the will to be either self-dependent or family-dependent, and not to look for handouts from others.

I have been interviewing 30 to 40 individuals and families weekly for over 30 years and I can say with assurance that the most common request is not for charity but for the chance to continue working, and for that some will even try to change their age. A popular move would be to scrap the 60/65 year retirement age, and to allow those who are willing and capable, to continue in their jobs. That would be good for the community because the Government claims that there is a shortage of labour.

The will to work and be self-dependent is clearly shown in the private sector, where those who are fit continue to work into their seventies or even their eighties. I am happy to count myself among the workaholics who would prefer to work, rather than depend on the taxes of younger people.

Family dependence too is a Chinese virtue that should be encouraged and not destroyed by handouts to the elderly unless they are in need. No family should be deprived of assistance for their parents if that is required, but why give it when not required?

Our greatest efforts should be concentrated on the elderly who are unable to work through ill health, handicap, or lack of family support. They should be properly housed and cared for by taxpayers' money. But if the government scheme comes into operation, they will have to share the cake with those who have cakes of their own to eat, and those in need will get less, not more of the cake.

The Government has put forward an ill-considered plan. In cavalier fashion, which has recently become its usual style, the Government in effect says: "Let us give everyone over 65 a pension of \$2,300. That will make us popular. Do not bother about the future — that is NIMBY (Not In My Back-

Yard). Who cares what happens after 1997 when this scheme is supposed to come into operation?" — That seems what the Government is thinking.

The perpetrators of this Scheme know perfectly well that both in so-called democratic as well as socialist countries, such schemes have undermined the economy as well as the working morale of the people.

I am in favour of encouraging people to prepare for the future. It makes sense to have compulsory contributory schemes that require every worker to save. The reward is an equal contribution by the employer plus interest on the whole amount at the end of one's working life. The money belongs to those who saved it, and to their dependants if they are unfortunate enough to die before retirement.

Why should we follow the bad example of other countries and not preserve our own unique system of self-dependence or family-dependence, but with a better safety net for those who have neither?

Without trying to usurp Mr McGREGOR's constituency, I urge Members contrary to Mr McGREGOR to study the submission of the Hong Kong General Chamber of Commerce (of which I am not a member). It makes sense because it provides a better safety net, even if that may mean a slight increase in salaries and profits taxes. It opposes pensions for those who are not in need, but urges all workers to join a retirement scheme to save for their own old age. It does not impose a heavy burden on young workers to support the elderly who are the responsibility of the community at large.

Mr President, I support the motion of Mr TAM insofar as it proposes to take positive steps to improve the existing welfare system for the elderly. However, I strongly oppose a pensions scheme such as that proposed by the Government.

As to the amendments, I can support Mr TIEN's, because it is quite flexible. I cannot fully support Mr LAU's amendment as it appears to support the government pension scheme in part, and is in fact very little different from the original motion.

DR LEONG CHE-HUNG: Mr President, I stand to present the views of the medical and dental professions which I represent, on the Government's proposal of the Old Age Pension Scheme (OPS).

Nobody would dispute that it is the duty of a caring society to ensure that a decent and dignified living be provided to our senior citizens.

The medical and dental professions believe that there is a need for a universal retirement scheme which must meet the following criteria:

- (1) It must be feasible and sustainable.
- (2) It must be fair to all contributors and receivers alike.
- (3) It must be simple to administer.
- (4) The contributory level must be proportional to the amount one draws upon.
- (5) It must be acceptable to all sectors of the community.

Furthermore, my constituents believe that for most elderly people, provision of simply a financial scheme does little to ensure that they have a dignified living. Surveys do reveal that our senior citizens worry about the lack of proper medical care and housing support as much as if not more than just financial difficulties itself. As such, any financial assistance for the elderly must go hand in hand with improvements in the planning and provision of various services and social support, including housing, medical service, social activities and even employment.

On top of a universal genuine retirement scheme, we also believe that a caring and sharing society should also cater for the citizens in their twilight years who are needy without support.

A proper comprehensive assistance scheme should be provided, therefore, with the amount increased to \$2,300 monthly on a bare basis, instead of having them to turn every stone to squeeze out various "supplements" catered to various kinds of "special needs" before they can add up to a decent amount.

Mr President, the OPS before us has numerous inherent defects that fail to satisfy the criteria of our concern.

To wit, we are skeptical of the Government's over optimistic projection of the fund from the amount levied and we are therefore concerned with the sustainability of the Scheme. With the demographic change in Hong Kong, the fact remains that our people are getting older which in essence means more people will need support from this "pot". And with the decrease in percentage of young people working and contributing to the levy, the day may come when the fund will run empty. The result: either our senior citizens will be left high and dry; or the contributors will be held to ransom to increase the levy. Both actions are deplorable to say the least.

The least that the Government could do is to conduct a "worst scenario study" using more conservative projection and after a thorough data search.

The proposed Scheme falls far short of being fair. To start off, it would be against the principle of equity to be able to draw upon retirement in some cases much lower than the amount they have contributed.

Put it reversely, Mr President, is it fair to ask higher income earners, who form the main bulk of the 1.2 million taxpayers already paying much to the public coffer, to contribute far exceeding the \$2,300 they can draw upon retirement?

As in the usual scenario, the Government refuses to call a spade a spade. The proposed Scheme is in essence a poll tax and has been elaborated by my friend, Mrs Elsie TU — a poll tax for the working population and exerts its highest pressure on the self-employed who have to contribute 3% of their assessable profits. Point blank, this is simply an increase of 3% in taxation — a rise of the current maximum 15% to 18%. Worse, those self-employed will have to pay such levy as long as they have "profit" regardless of the business status, even though the "profit" may well be below the profits tax net. On top of this, the victimized self-employed have to play the role of the employer and to contribute 1.5% to each of his/her employees.

Furthermore, the absence of a ceiling or a cap on the upper limit borders on "robbing the rich to subsidize the poor".

Mr President, the OPS before us is therefore "neither a horse nor a mule". It is definitely not, and should never be taken for granted as, a genuine territory-wide retirement scheme.

With no apologies in being repetitive, we call upon the Government not to give up her effort to study the provident fund scheme especially the compulsory Central Provident Fund.

At the same time, the Government must consider introducing a compulsory territory-wide medical insurance tagged onto a proper territory-wide retirement scheme through which, with one shot, both the problems of retirement protection and the heavy burden brought about by elderly patients on our medical services could be solved.

Meanwhile, we would not be worth calling ourselves a caring and sharing society if the Government were to fail to assume greater financial responsibility for improving the existing welfare system for those in the twilight years who have done so much to keep Hong Kong tick. I support the amendment by Mr TIEN.

MRS PEGGY LAM (in Cantonese): Mr President, for many years, I have spared no efforts in fighting for a proper retirement protection scheme for the elderly, but I cannot support the Old Age Pension Scheme (OPS) proposed by the Government. My objection is based not only on the material defects of the scheme itself but also on the far-from-satisfactory performance of the Government during the consultation period. The Government employed the tactics of "both intimidating and bribing" the public, on the one hand, the Government launched the most extensive publicity campaign to promote the

OPS. On the other hand, it bluntly turned down all other retirement protection schemes, this undoubtedly suggests to us that the people of Hong Kong have no alternative other than the OPS.

The OPS is a pension scheme, administered across the board, under which one generation affords the living of the earlier generation, and the more abled supports the less abled. The contributions put in by a contributor is not linked with the payment he is expected to receive in the future. This is different from contributions being made by contributors to safeguard their own post-retirement lives. To put it bluntly, the so-called "contributions to pensions" as suggested by the Government is in fact "an old age welfare tax". The OPS actually requires the employers and employees to bear the responsibility of welfare for the elderly on behalf of the Government. Although the Government denies the allegation that the scheme displays the welfare doctrine, this is however actually the case.

I am not negating the traditional virtue of "to take care of one's own aged parents first and then extend the same care to the aged people in general". However, the provision of welfare for the elderly, which is the obligation of the Government, should be considered separately from retirement protection, which is a long-term savings scheme for all working individuals. The established principle upheld by the Government in implementing welfare policies has for many years been to offer generous assistance to those who are proved to be in difficulty, while retirement protection schemes uphold the principle of "the harder you work, the more you get". These two concepts have been widely accepted by the community over the years but they cannot be jumbled together because their principles are totally different. Otherwise, pensions will become welfare benefits instead of retirement protection for the contributors. As a result, the current debate over the OPS has deteriorated into one in which discussion becomes impossible, this is because the scheme has double standards and there is no common basis for discussion.

The wording in Mr TAM Yiu-chung's motion has skilfully fused together Members' support all long for improving the welfare system for the elderly and the OPS proposed by the Government which has yet to be assented by this Council. Although I support the improvement of welfare for the elderly without reserve, I personally cannot agree to the OPS being discussed as an established policy since this will undoubtedly tell the public that we have no other alternatives. Enormous and far-reaching impacts will be brought to the community as a result of the choice of which retirement schemes to be adopted. I urge the Government not to make imperious and hasty decision by forcing the public to accept a scheme which has no successful precedents in any other countries.

The greatest risk of the OPS lies in the inclination for the contribution rates to spiral. The causes for soaring contribution rates are manifold, one of which is the fact that the aging rate of the population may be quicker than anticipated. The Government is projecting Hong Kong's demographic changes

on the basis of the aging rate in western countries in the past decades, that is to say, the number of senior citizens will double, or reach the peak of 20% of the population, after 42 years. However, the rapid advances in medical science and the trend of modern family planning have prompted me to think that this Scheme proposed by the Government may be flawed by many factors beyond the predictions of the Government. The Government assumes that the growth of wages in real terms will be 2% a year, but the Government fails to mention the possible consequences of a narrowed contributory base in case Hong Kong unfortunately has a recession or has a large number of people emigrating. In addition, the Scheme has an equalitarian tint. Those who start making contributions when they are young will tend to ask for larger pensions when they get old, this adds to the pressure for an increase in contributions.

In fact, similar plans in western countries all started with low contribution rates but ended with super-high rates. The contribution rates in the United States started with a mere 0.3% in the fifties and grew to 4.4% in the eighties, increased by more than sixteen times. However, the increase is also going to continue in the coming decades. In some former communist countries in Eastern Europe, the contribution rates of their pension schemes were as much as 10%. Of course, those officials who wholeheartedly want to put the scheme into practice will boast of the accuracy of the Government's statistics and the reliability of its forecast, they may also claim that their methodology is more sophisticated than that of advanced countries in the west. The Government, in pledging to proceed with the scheme and insisting on implementing this "high-risk" pension scheme, is actually deviating from its style of being prudent all along.

The OPS indiscriminately embraces all senior citizens into the welfare net, which violates the principle of selective distribution of social welfare. In fact, many people who are working are able to enjoy their later years by means of a sound retirement protection scheme, without receiving social welfare the long-term solution to improving welfare for the elderly should be working out a sound retirement protection scheme, and allowing the scheme to co-exist with a strict but generous welfare system.

During the debate over the Governor's policy address, I queried the way in which the Government promotes the OPS. Since the Scheme has far-reaching impacts, I must reiterate that the Government's over-extensive and over-expensive promotion strategies not only wasted public funds but also misled the public. The Government's information reveals that about \$2.1 million has been spent on the entire publicity programme for the OPS. I believe the relevant departments owe this Council a detailed explanation as to what guidelines are used to determine what sort of consultation papers should be given such a large sum of money for publicity.

Pension scheme is a complex issue involving a lot of data and theoretical arguments. Ordinary citizens will be easily attracted by the exaggerated and fanciful slogans, but actually they may not know much about the substance of

the scheme. Can those who support the OPS fully apprehend the consequences of its implementation? Are they merely influenced by the Government's promotion programme and exposed only to the rosy side of the scheme? In fact, the other dissenting voices can hardly be heard against the strong background of the Government's publicity campaign.

As to which retirement protection scheme should be adopted, maybe the views from various sectors should also be taken into account .....

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PRESIDENT: Mrs LAM, you have to stop, I am afraid.

MR ERIC LI (in Cantonese): Mr President, I have some reservations about the Central Provident Fund. I have always requested the Government to increase public expenditure on welfare services and have recommended to the public the establishment of a retirement protection fund to complement the mandatory retirement protection scheme managed by the private sector. I have stated my position several times. During the debate in December 1991, for the sake of healthy competition, I first put forward the simultaneous implementation of the Central Provident Fund Scheme and a privately managed provident fund scheme. I hope that the needs of various parties can be catered for and reasonable compromise measures can be taken so that there is a chance to immediately improve the livelihood of the elderly in need. However, it is a great pity that over the last three years, my colleagues in this Council have only been emphasizing on debating over principles rather than the actual effects. Hence, still our repeated contention can not escape the Government's political tactic of responsibility shirking. This time, the Government again proposes a "nondescript and paradoxical" pension scheme, and once again stirs up conflicts and successfully shifts the focus and visions of this Council and the public. It seems that the old will be able to get neither a "sweet orange" nor a "sour tangerine". The Government only offers to the elderly a coconut which appears big but is bound by a hard shell which is difficult to be put into the mouth. Inside, it has plenty of juice but just a little flesh. The Government asks Members who are eager to accept anything whether they will take this coconut. Mr TAM Yiu-chung has previously compared the Central Provident Fund to a "sweet orange". This time, he even compares it to a coat and a pair of trousers. Apparently, the elderly has been shivering from hunger already.

The community's commitment to old people has to start with catering for their needs such as clothing, food, shelter and transport. Besides money, concern, health care, medical treatment and recreational services are all indispensable. However, "giving away colourful banknotes", no matter how many or whether they are sufficient or not, has the most political charisma after all. \$2,300 as retirement "protection" is obviously not enough, coupled with the fact that it is only adjusted with inflation. If, according to the Government's

assumption, the growth in wages will continue to exceed the growth in inflation, in less than 10 years' time, the pension will fall behind "the trend of consumption" and will not enable the old people to live a "normal" life in a "dignified" manner, like what other people do.

Many people sneer at the pitifully small amount of pension and at the indiscriminate way in which it is given to the elderly, causing it to look rather like another form of old age allowance. However, giving old age allowance to old people is just a token and this will not cast a heavy burden on the community. The pension proposed by the Government is nevertheless plainly a "labour poll tax" which will obviously put a burden on the economy. To give money to a majority of old people who are not poor is indeed a waste of resources. What kind of dignity is that? What is more dangerous is that this scheme sends old people the wrong message that the scheme will really "secure their livelihood, and they can enjoy their later years", which will lessen their desire to save. Their children will also have an inexpensive and glamorous excuse to shift their bounden duty of supporting their parents to the community and thus weakens the Chinese traditional Chinese sense of value, that of self-sufficiency.

To briefly make an advance summary of what I just said, pension is a product contrary to our tradition and it cannot really safeguard the future livelihood of retired poor people. To give out pension aimlessly is running against the natural economic law of "self-sustaining on self-investment" which results in a waste of resources and generates no economic benefits at all. If we do not ask for the price and just blindly consider on the sole basis of welfare for the elderly, it is undeniable that \$2,300 is better than the existing amount of public assistance. However, this only reflects the inadequate help offered to old people who are genuinely poor under the existing Public Assistance Scheme and we must look squarely at this problem at once.

During the later stage in which the Government is hardselling this proposal, the scheme has been given a more appropriate name — "Collective Social Insurance Scheme". But what does that actually insure against? In my view, the Government is simply taking insurance out for itself. Concerning the Mandatory Provident Fund Scheme, this Council has repeatedly asked the Government to make commitments to the public in respect of financial risks. The Government has immediately shirked its responsibility and has not implemented the scheme. And when the Central Provident Fund Scheme asks the Government to be responsible for its management and to give reasonable returns, the Government shirks its responsibility again and has not put the scheme into practice. The pension scheme makes the working public assume all future financial risks which once again reveals the continual "shirking of responsibility" on the part of the Government.

Pension schemes have extremely numerous variables which include population growth, mobility of the population between China and Hong Kong, changes in wages, the bargaining powers of the employers and the employees,

inflation, political factors and so on. Many famous economists have also pointed out that future prospects cannot possibly be accurately projected. Numerous unsuccessful examples are found in other countries and we should indeed learn from their mistakes. However, for the sake of self-protection, the Government uses the hardselling measure of sweet talk, threats and inducements in promoting the scheme. Moreover, the Government employs legislative means to shift all risks relating to retirement protection back to the employers and the employees while the Government stays out of the picture. Is this what a responsible government should do? I always think that the public should not ask the Government to assume financial risks that are too big and unnecessary, but I have never thought that the Government would take such a "perverse act" in resorting to forcing the public to assume financial risks which the Government itself does not even have the courage of sharing.

The Government is a "collective" organization of the citizens and it has strong financial capacity. If this Scheme is indeed "collective" insurance or the risk is so limited that even an ordinary citizen can bear, then the Government should give assurance and shoulder this collective risk. The most thorough way is to put a cap on the amount of financial contribution to be made by the public. Otherwise, a ceiling should at least be set for the amount of contribution, that means the Government should at the very least contribute one-third of the total amount to show its willingness to share the responsibility with the public, such that the public would not feel betrayed by the Government.

Not only does the pension scheme have a lot of shortcomings, high risks and a lot of wastage, but it also treats self-employed people very unfairly. The Government has all along been rhetorically defending itself that self-employed people in foreign countries have to make double contributions, too. However, when we find the schemes implemented by foreign countries are plagued by great financial difficulties, the Government then claims that Hong Kong's scheme is obviously different from those of foreign countries. This is indeed self-contradictory. In fact, the proposed scheme is apparently different from those of foreign countries. According to a survey conducted by the Hong Kong Society of Accountants, the amount paid by self-employed people under the schemes in foreign countries is purely contributory. Although they have to contribute a lot, they can get the entire sum back when they retire, unlike the unfair proposal made by the Hong Kong Government which require people to "contribute two shares but get one back". Is the Government forcing all self-employed people to register as limited companies in order to "avoid the tax"? For those who run small businesses, this will undoubtedly add operational burden to limited companies. This is even more unfair for professionals such as lawyers who cannot register as limited companies.

I have much reservation about the feasibility of the proposed pension scheme. It is the public's basic right to seek peace of mind. Some even prefer a mandatory retirement scheme involving higher financial costs to a scheme with high risk because the resources of the former can clearly be used on those in need, there will not be any wastage, and there will be good value for money.

*The digital timer showed 0701*

PRESIDENT: Mr LI, you have got to stop, I am afraid.

MR FREDERICK FUNG (in Cantonese): Mr President, the society of Hong Kong is badly in need of an old age pension Scheme to meet the urgent needs of the existing 650 000 elderly people. In order that the Scheme will not be further delayed, the Government has to make strenuous efforts at this stage to enlist wider support for this Scheme.

I think the Government has to improve the imperfect parts of the Scheme so as to seek more support. It should, in particular, make a financial commitment greater than that proposed now. I believe that a great majority of the people agree that the Government should increase in its capital injection and contribute to the scheme on a long-term basis, and that no less than one-third of the contribution to the scheme should be borne by the Government. The Government's contribution to the scheme has three implications: Firstly, the financial burden on the contributors, especially those in the low-income group, can be reduced. Secondly, the burden of employers in labour intensive industries can also be reduced. As this kind of industries needs to employ a great number of workers, the employers in such industries would have to make larger contributions. Thirdly, this can achieve long-term stabilization of the contribution rate and ensure that the fund can have a certain amount of surplus to minimize the fluctuations in the contribution rate.

The Government claims that it has been making part of the contribution. This is in fact a means "of robbing Peter to pay Paul". As the Government has just ploughed the funds originally earmarked for other welfare items back to the present scheme, such that it is in fact not an additional financial commitment. Moreover, as the Hong Kong population is aging more rapidly than expected and the administrative expenditures would be very great, the mere capital injection of \$10 billion can by no means solve the problem. Therefore, the Government cannot implement the scheme by the "one-off" fund injection or the "rob-Peter-to-pay-Paul" funding arrangement. On the contrary, I think the Government should take up the initial and ultimate financial responsibility to show its determination and sincerity. This is what a responsible government should do.

In the 5 000-plus submissions, a majority of the people agree that the elderly should have the right to share the fruit of Hong Kong's economic progress. The old age allowance should therefore be set at 30% to 40% of the then median wage, and different rates of pension can be set according to the length of contribution period. The Hong Kong Association for Democracy and People's Livelihood and I suggest that employees who have contributed for less than 10 years can receive a pension equal to 30% of the then median wage on retirement. Those who have contributed for 10 to 20 years can receive a

pension equal to 35% of the median wage, whereas those who have contributed for 20 years or above can receive a pension equal to 40% of the median wage.

I believe that a majority of the people are worrying about "making futile contributions to a chit-fund", that is, the contributor dies before reaching retirement age. Under such a situation the deceased employee could not receive the pension and there would not be any return for his past contributions. We also understand this worry of the people. We therefore suggest that the Government should set up a death gratuity fund to compensate the families of these unfortunate people.

To enhance the convincing power and acceptability of the scheme, the Government should, after collecting all the submissions, account to the public for the relevant contents, and make public the study report. After that, the Government should refer the views of the public to the Joint Liaison Group for discussion. The Government has indicated clearly in the proposal on the scheme that the implementation of the scheme depends on three key factors which include the general support of the public to this scheme. I think the views of Hong Kong people is most important. Therefore, it is incumbent on the Government to reflect the views of all Hong Kong people to the Joint Liaison Group.

In the several hundred submissions, many scholars and people from the commercial and industrial sector request for the setting up of a mandatory savings provident fund. But I think consider that this proposal has many shortcomings. The low-income and middle-aged employees cannot accumulate sufficient pension even by contributing to the fund for several decades, not to mention those not in the labourforce who will face even greater difficulties in retirement protection. According to the report by the Commissioner for Labour in 1993, over the past five years, 40% of the people at working age were not in the labour force, and another 30% at working age were in the low-income group, that is to say, 70% of the people at working age would need financial security after retirement. Therefore, the mandatory savings provident fund cannot enable a majority of the retirees to have basic protection for their living after retirement. This also reveals the importance of the Government's retirement protection scheme.

The Government has never indicated whether a decision can be made by the end of this year on the introduction of this scheme. This makes people worry whether the Scheme will be further delayed and the elderly do not know when they can receive such benefits. The Government should therefore change the present welfare system for the elderly immediately. I think that before the introduction of the scheme, the Government should increase the standard rate of the Comprehensive Social Security Assistance (CSSA) for the elderly to \$2,300, that is about one-third of the existing median wage, to measure up to international standard.

The current rate of old age allowance is about \$1 670 per month which in fact cannot meet the most basic living expenses of the elderly. As a result, the elderly in receiving this allowance can only maintain a bare living. At present, there are 814 000 elderly people in Hong Kong who are at the age of 60 or above. According to the report of the Working Group on Care for the Elderly, in July 1994, there were 76 800 elderly people at the age of 60 or above receiving the CSSA, accounting for one-tenth of the total number of elderly people in Hong Kong. In fact, there is no need for the Government to worry that too many elderly people will apply for CSSA. Increase in the rate of CSSA will not incur excessive expenditure to the Government. Therefore, we think the Government should increase the rate of CSSA payments.

With these remarks, I support the Honourable TAM Yiu-chung's motion and also the Honourable LAU Chin-shek's amendment motion, but oppose the Honourable James TIEN's amendment motion.

MR PETER WONG: Mr President, I find it difficult to support the Honourable TAM Yiu-chung's motion and the Honourable LAU Chin-shek's amendment which call for an improvement on the problematic Old Age Pension Scheme (OPS). The Scheme, though well intentioned, is basically flawed in both principle and practice; and is unsustainable and destined to bring more loss than gain to the Hong Kong community.

The OPS imposes a de facto tax on the entire tax-paying population representing some 50% of our 2.96 million labour force. It will add an extra burden on some people who currently fall outside the tax net, that is, those earning between \$4,000 and \$6,000 a month, and will exacerbate the hardships of the low-income sandwich class. The accountancy profession also finds inequitable the 3% contribution imposed on the self-employed professionals whose income from unincorporated businesses is in fact profits-orientated rather than employment-orientated. For foreign companies, payroll tax, unlike corporate tax, is not creditable against the investors' tax liabilities in their home countries, adding to the OPS's negative impact on Hong Kong's competitiveness. More importantly, instead of providing a safety net for the elderly in need, the Scheme pays inadequate benefits for all regardless of need, thus further jeopardizing the principle of equity.

In practice, the OPS carries too many uncertainties. Its unrealistic projection of Hong Kong's dependency ratio — set to rise from 7:1 in 1993 to 5.5:1 in 2011, will most likely boost the Scheme's modest contribution rate from 1.5% to above 10%. According to the World Bank's Policy Research Report — Averting the Old Age Crisis, pension schemes in other countries have collapsed in face of rapidly rising liability. The lack of true inflation — proofing also gives cause for concern. Since contributions are related to the value of real earnings while benefits are not, foreseeable pressure for real benefit increases will have to be met by matching increases in the "fixed rate of contribution". Since the pay-as-you-go OPS offers no investment opportunities,

its introduction could reduce Hong Kong's long-term economic growth to an estimated 0.36%.

Mr President, since the OPS affects the bulk of our population, we need to exercise extreme care. The Scheme recognizes that there are elderly people in our society who do not have the level of income or family support required to live with dignity and respect, and that redistribution of wealth is needed to seep them out of poverty. While it offers some immediate relief to old people in abject poverty, it fails to tackle the long-term problem of giving genuine retirement protection to the low-income working population.

Due to Hong Kong's structural change, some 260 000 workers are earning less than \$4,000 a month. At the moment, some 60% of our working population, belonging to the non-skilled lowly paid category, are not covered by any private pension schemes. Left to themselves, people do not save enough for their old age, and easily become charges on the rest of society. Often, people are unable to assess the long-term solvency of private savings or the productivity of alternative investment programmes, and are subject to long spells of low investment returns, recession, inflation and private market failure. There is therefore a need to facilitate the shifting of some of their income from active working years to old age by helping them to save money in a productive way. Our fiscal policies should be directed towards making it easy for people to save for their old age.

To enable wage-earners to make the most of their savings, a mandatory, decentralized, fully funded pension scheme is urgently needed. Voluntary private pension schemes, which permits the pay-out of cash benefits each time a member change employment, are wasteful. A mandatory pension plan should stipulate that accrued benefits will be compulsorily held back for payment upon the attainment of normal retirement age only. Therefore, the scheme should be centrally administered and provided with financial guarantee against theft and fraud. The scheme funds should be invested for fair returns, put to productive use through diversification of assets, and used to pay for the administration cost. In this regard, the Business and Professional Federation's proposal which meets the above criteria, has my wholehearted support.

Both the Federation and the Liberal Party proposed an Old Age Security Scheme to be funded by General Revenue, the cost for which will not be significantly higher than the OPS. The public sector scheme has to be based on the pay-as-you-go system in order to avoid the problems associated with public management of national pension funds. I endorse this proposal which features means tested, inflation beating benefits, simple administration, low cost and early implementation. The Federation also advocates more generous benefits at 40% of the median wage or a maximum of \$5,000 per month.

Mr President, it has taken more than two decades for the Government to exercise its conscience in an area which it has never before shown much interest. I sincerely hope that the OPS is not a stalling tactic; or, to leave the

Special Administrative Region to bear the burden, while this Government can now claim the credit.

The OPS set out to tackle retirement protection for the low-income group but, in time, will aggravate Hong Kong's growing problem of the elderly. I would urge the Government to abandon the Scheme and to address the problem with foresight and imagination. In my view, the best solution lies in a comprehensive social security system comprising two pillars — a mandatory, private savings pillar which will not impede growth, is sustainable and promises cost-efficient operation, to be supplemented by a general revenue public pillar designed to reduce old age poverty. A fully funded, privately managed occupational retirement scheme should in the long term ease out the demand of the Government's financial assistance to the elderly, and stand the best chance of getting consent and co-operation from China. The Government has the full responsibility and the authority to provide a lasting solution to a complex social problem in Hong Kong. The question remains — has it got the will and determination to rise up to the challenge and take the lead?

Mr President, with these remarks, I support the Honourable James TIEN's amended motion.

MR CHEUNG MAN-KWONG (in Cantonese): Mr President, while we are talking about retirement fund in this Council today, I suddenly recall a photo I saw in the newspaper. There was a homeless old woman sitting at the passage of an MTR station. Behind her, there was a huge poster propagating the Old Age Pension Scheme (OPS) proposed by the Government. The old woman was much occupied with eating some sugar grains in her hands. She ate sugar grains because sugar could fill the stomach quickly and it was also easy to store. Sugar grains, that was what the old woman had for her meal.

Mr President, no matter how much we boast about the prosperity of Hong Kong, there are still many things which make us feel sorry. Our society has never provided any guarantee for living after retirement of those old people who have worked very hard for most of their lives to contribute to the society. In Hong Kong, the welfare system for the elderly still maintains the concept of provision of relief. This has caused many of the elderlies to still live below the poverty line. They are striving hard for survival without personal dignity.

If we can still stand aloof despite all these sorrows, and if we only care about our personal gains or losses, we can, of course, easily find many excuses to say that the scheme to provide basic economic security for the elderly instantly is devoid of any merit and totally disagree with the scheme. Somebody may argue that the OPS is the beginning of the practising of welfarism — the provision of "free lunches". Some may criticize that contributing to a fund for the older generation is an increase in taxation in disguise. Some people even say that the OPS goes against the good Chinese tradition of children taking care of their parents in return when their parents become old.

Mr President, I am not going to discuss in detail whether it is really the case for the lower-income group that under a capitalistic system, the harder they work, the more they get, or to elaborate on why we would have to pay more if contributions were replaced by taxes. Nor am I going to count the number of old singletons who are actually not getting financial support from their sons and daughters. I only want to point out that the OPS is just some kind of return to the elderly for their contributions to the prosperity of Hong Kong. Why cannot we put aside the calculation of who "gains" and who "loses" and evaluate the Scheme with sincerity? As a moral and capable society, we should not just foster the young ones to build our future but forget to repay the elderly for their contributions to the present prosperity of our society. The Government has been providing 9 years of free education to all school-age children in Hong Kong for 15 years, no matter they are rich or poor. The expenditure on education this year amounts to \$26.6 billion. However, are we offering the same level of care to the elderly? Why do we allow such dual standard of "valuing the children and despising the elderly" to continue to exist? How can we teach our younger generations what is a just and moral society? I would even like to ask the Honourable Mrs Peggy LAM what is meant by "To take care of one's own aged parents and then extend the same care to the other old people in general; to love one's own children and then extend the same love to the other children in general?"

It is the responsibility of the community at large to reciprocate the elderly. Although we agree that technically there is still room for improvement in the OPS and that we still have to overcome a lot of difficulties in its implementation, it is nevertheless a good scheme in principle. The merit of this scheme is its instantaneous nature. All the qualified old people can get a pension of \$2,300 each month immediately. It has nothing to do with the income they earned or the contributions they made in the past. This can help to stabilize a society with a population which is aging rapidly. Indeed, most of the old people have worked hard in their younger days to contribute to the wealth of Hong Kong today. The most important issue facing us now is the commitment of the Government towards the scheme. To ensure stability of the scheme, the Government should contribute one-third of the total fund needed. With regard to the setting up of a provident fund scheme, it does not contradict the OPS. In fact, the two schemes complement each other. This is because the OPS can provide basic financial support to the elderly while the provident fund can guarantee that their quality of living is in line with the economic development of the society. Therefore, an ideal retirement protection scheme should be a combination of an old age pension scheme and a provident fund scheme. The proposed OPS is a start. We should grasp the opportunity to put into practice our commitment to the elderly instead of shirking our responsibility. Otherwise, our efforts to reciprocate the elderly will be wasted in the endless debates.

Mr President, we have been fighting for a reasonable retirement protection scheme for the elderly for a quarter of a century. During this prolonged process, Hong Kong has become a highly developed city. Yet,

because of the lack of proper care or financial problems, there is one old person committing suicide in every two days. These painful but silent protests are a warning to us that we can no longer be evasive. Otherwise, we will have to pay an even higher price for it.

Talking about being evasive, I think that the motion moved by the Liberal Party today is an act of evasion. Their support for such an old age pension scheme shows that they want to stay at the same point, are indulged in empty talks, intend to continue the delay and escape from the responsibility. To sum up, they coldly can be described as: "In front of the pointing fingers of the elderlies, they frown; but in silence, they bow their heads like a clown." The consultation period has expired but they still refuse to clarify their position. There has been a long discussion on old age pension scheme and provident fund scheme. Could they not have considered the public opinions thoroughly? Perhaps a prolonged discussion bring about a happy ending to the elderlies? Perhaps many Members can afford to continue the empty talks because they do not have to worry about their living after retirement. But have you ever thought of those poor people who have worked very hard to earn a living but are still penniless? Have you ever felt the sorrows of those old people who are lonely and have no one to depend on? Today's motion is a motion which tests our conscience. Please cast a vote for the elderlies according to your conscience.

Mr President, I am also a professional. I have heard many opposing voices from various professional constituencies, but today, I stand to support the OPS and I support the amendment moved by the Honourable LAU Chin-shek. Thank you.

MR EDWARD HO (in Cantonese): Mr President, I had read Mencius when I was a child. The saying of "taking care of one's aged parents and then extend the same care to other old people in general" as just mentioned by Mrs Peggy LAM is a traditional virtue of the Chinese. Not only are we required to put away for rainy days ourselves, we are also required to support and look after our older generation so as to ensure that they have secured later years. Nevertheless, there are still many disadvantaged senior citizens in the Hong Kong community who are needy and not supported by their own families, and they are not able to enjoy even the lowest living level. Moreover, we have to face the problem of an aging population. Therefore, the social problem of protection for the elderly is really very pressing and a solution is urgently required.

The Old Age Pension Scheme (OPS) proposed by the Government upholds the spirit of promoting welfare for the elderly, I am very much in favour of this. I strongly object to what Mr LAU Chin-shek said about "business associations are against old age pension". The business sector is in support of providing protection for the elderly, it only disagrees to the Government's proposal. Therefore, I think what Mr LAU Chin-shek said dissimulated the society and is not going to do the problem anything good. As

for Mr CHEUNG Man-kwong, probably because he represents the Democratic Party, he seems to have adopted the Government's style which is, if you hold, different views, your talks are empty. I have much reservation about the implementation and handling of Government's retirement scheme. I hope that the Government can study each proposal objectively and I ask the Government to revise the proposed scheme openly and fairly. Also, I would like to make it clear that any revision should not be used as a pretext to delay the implementation of the old age protection scheme. In the last few months, there have been endless disputes over this matter. In fact, we have to identify the purpose, objective and substance of the scheme. With limited resources, we should provide adequate financial assistance to the needy elderly people in the most equitable and effective manner.

The principle of equity means spending public funds equitably and properly when resources are limited, so as to provide justifiable and reasonable assistance to people who are really in need. On the contrary, helping people who are not in need is not a sign of social justice, and it is also a waste of social resources. Therefore, as regards the issue of a "safety net" as mentioned by Mr TAM Yiu-chung, I think he should also consider the fact that there are as many as 160 000 people who have had sufficient retirement protection. If civil servants are also counted, the number would be even greater. If a mandatory provident fund is to be implemented by 1996, there would be 483 000 people inside the safety net by 2056. Therefore, it is inevitable for us to determine which of those elderly people who are really in need. We must impose assets requirements on the people concerned, subject them to strict means tests and all potential beneficiaries to declare their assets. The lower and upper limits of the allowance should be determined according to their financial situation and the amounts granted should not be uniform.

Besides, an allowance of \$2,300 as proposed by the Government is not enough for those old people in financial difficulties. Moreover, the allowance proposed by the Government is pegged to the Composite Consumer Price Index, and in the long run, the living level of recipients may fluctuate as the Index might have downward adjustments at times. By 2056, the real value of the present benefit of \$2,300 will only be \$562 a month. To old people who are urgently in need of money, this amount is not enough to make ends meet. My proposal is slightly different from that of the Liberal Party's in this respect. I propose that the old age protection benefits should be pegged to the median wage and be maintained at a 40% level. In this way, old people can indeed be assured of certain protection for their livelihood. The amount should become \$5,000 a month in 1994, depending on individual needs. This amount is more than what Mr TAM Yiu-chung has proposed. People may argue that this is set at too generous a level, but if the Government can enact legislation as soon as possible for the implementation of the mandatory old age retirement protection scheme in phases to ensure that the aging population can have financial protection, then the Government's burden and expenditure in this respect may be greatly reduced.

As estimated in the counter-proposal to be submitted by the Hong Kong Business and Professional Federation of which I am the Chairman, if the mandatory retirement protection scheme can be implemented at full speed, the number of old people who have to receive retirement benefits by 2056 would drop sharply from 2.15 million as forecast by the Government to 350 000, and the operating costs would also be reduced to one-third of what the Government projects. Therefore, it is really a feasible move in raising the level of benefits for the elderly and reducing the burden of society at the same time, and it is never contradictory to each other. The arguments of the Hong Kong Business and Professional Federation are fairly identical to the counter-proposal of the Liberal Party. We both agree and think that legislation should be enacted as soon as possible for the implementation of the old age retirement protection scheme. A majority of industrial and commercial groups also agree to this proposal. On the other hand, we also think that it is highly risky and complicated for both the employers and employees to contribute (the administrative cost for the first year will be as much as \$500 million), and the implementation date of the scheme will even be delayed. Therefore, I cannot agree with Mr TAM Yiu-chung's motion and Mr LAU Chin-shek's amendment motion. I believe providing social protection is the Government's responsibility. So, the running cost of the newly proposed allowance should be funded by the Government's general tax revenue. This will then be consistent with the provision of social protection benefits in the long run.

Finally, there is an old Chinese which says, "Cultivate one's own moral character, manage one's own home, run the state in like manner and bring order and peace to the world." Hong Kong's success relies upon lasting good Chinese traditions. Everyone is obliged to make proper arrangements for our livelihood after retirement and that of the elders in our families. The Government should also adopt the most cost-effective way to formulate and implement social policies. Only by doing so can we have lasting stability of our community.

Mr President, with these remarks, I oppose Mr TAM Yiu-chung's motion and support Mr James TIEN's amendment motion.

DR SAMUEL WONG: Mr President, much has been said and written about the proposed Old Age Pension Scheme (OPS). One of the difficulties is that most of what had been said and written had been opinions for or against the government or other schemes. This is even true of the government leaflets, which obviously favour their own proposal in every detail. I have not seen, myself, any balanced resume of the factors involved enabling people to make an objective assessment.

Mr President, any support for the elderly has three steps:

1. collection
2. guardianship of funds

### 3. payment

#### *Firstly, collection*

The money has to be found from somewhere. It can be taken from employees or employers or both. To what extent employees will try and mitigate any drop in their standard of living by the raising of their remuneration needs to be assessed. If this happens at all, the employers carry the major load.

As for collection, this can be through the employers or through increase in taxation. Both are simply ways of directing the money into the fund. It would be natural to choose the method which results in the lowest administration costs. If the major load is on the employers anyway, a simple increase in profits tax might logically be the most efficient, since the mechanism is already there to collect it and the market forces will soon balance out all the other factors.

Finally, we need to decide whether people are contributing to their own pension, or whether they are simply being taxed to provide the pension scheme, irrespective of whether they intend to or can be in a position to finally receive a pension.

#### *Secondly, guardianship*

The money collected could be regarded as belonging to the Government for distribution later or collectively to the employees from whom or on whose behalf it had been collected; or to the individuals concerned. In each case, the Government will be responsible for guardianship and investment, but it might be wise to place strict limitations on the use Government can make of the funds. Should they be required to invest it wisely? Should they allow individuals who have made contributions to have some access to them, for example, to use them as collateral (like Singapore does)?

#### *Thirdly, payment*

Payment can be as a lump sum related to the contribution made (Singapore Provident Fund model). This gives contributors the choice of buying an annuity in part or whole to give themselves a pension related to their earnings or to treat the sum as an asset, which removes the uncertainty of life expectancy. It can be as a pension related to contributions. It can be a fixed pension same for everyone. It can be a variable pension dependent on a means test. Most pensions end with death and thus the longer lived feed off those who die earlier. A fixed pension enables the lower paid to feed off the more affluent. A variable pension subsidizes the lower paid even more and could result in many people who have contributed extensively getting nothing back under circumstances where they do not need it anyway.

*Government proposal*

The government proposal is that employees and employers should contribute equally, but ignores the effect of market forces on the resultant lowering of net income. They propose the collection should be by employers. This is not the most efficient form of collection. The government scheme tends towards taxing rather than requiring contributions towards an ultimate pension. For example, expatriates or domestic helpers who only intend to serve relatively short contracts are to be so taxed, as are those who break the continuity of their abode for more than 180 days. On the other hand, older people can get the pension initially without having contributed, though subject to a means test for some.

The Government proposes to look after the funds wisely and to contribute a seeding fund initially but avoids the issue of how they can use the funds. Since they do not propose to account against individual contributions, there will be no question of the interim use of contributions for collateral.

The Government proposes a fixed pension — same for everyone, \$2,300 at today's prices, but I favour a means test to reduce the overall burden on the fund. Thank you.

MR LAU WAH SUM (in Cantonese): Mr President, in view of the past years of rapid economic growth, Hong Kong is financially strong enough to help the needy old people to lead a better life. I agree with what Honourable Edward HO has just said. In fact, \$2,300 is too small an amount for the needy people. The amount should be set at a higher level. But the problem lies in whether the Government is able to work out a feasible pension scheme.

I oppose to the Scheme now proposed by the Government. The Scheme is operated on the basis of receiving contributions and paying out pensions at the same time; and that the younger generation is to support the older generation. Some countries which are practising such a scheme are on the verge of bankruptcy. Why don't they make some alterations then? The reason is that there is no money left in the fund. They make payments as soon as they receive the contributions. Therefore, even if a pension fund participant wants to join another fund before retirement, it is impossible to transfer the money which he has contributed to another fund. Because of this, the World Bank has already warned that this scheme is not workable. The fertility rate after the world wars, that is, in the 1950's and 1960's, was very high. There will not be sufficient young and working people to support those people who were born during that period when they reach the age of 65.

Let me elaborate it with a simple example. At present, Hong Kong has 6 million people. Amongst them, 560 000 are elderly and 4.1 million are between the age of 15 to 64. If we divide the number of young people by the number of old people, then every 7.5 people will have to support one old person.

Although I know that among those aged between 15 to 64, not everyone of them has a job, but every 7 persons of them will have to support an old person. According to the figures published by the Government, there will be 1.94 million old people by the year 2036. If we multiply this figure by 7.5, we will get 14.6 million. That means we need to have 14.6 million people of age between 15 to 64 on the basis of the above ratio of 7.5 young persons to 1 old person. Together with the 1.94 million old people and those aged below 15, Hong Kong will have a total population of over 20 million people. How can it be possible for Hong Kong to accommodate 20 million people? Can you imagine what will the quality of life become at that time? Therefore, the calculation made by the Hong Kong Government is based on an extremely optimistic and exaggerated assumption. It is totally unbelievable.

I am not an actuary. But I have accumulated tens of years of experience in pension scheme-related work. I have set up, designed and administered quite a number of pension schemes for the Government. Examples are the pension schemes of the Mass Transit Railway Corporation and the Hospital Authority. The asset value is in billions of dollars. I know the advantages and disadvantages of all pension schemes. Once Hong Kong has adopted the pension scheme of immediate payment upon receipt of money, there will be no savings at all. Just as what I have said earlier, there will be no money left in the fund because it has to make payments as soon as it receives the contributions. That explains why so many academics have jointly advertised in the newspaper at their own expenses to oppose the pension scheme. The consultation was conducted in an unfair way. The Government only emphasized the advantages of this scheme about beneficiaries but did not mention the embedded worries on the part of the contributors. In fact, it should not take long to see that there is insufficient people to make contributions in Hong Kong. This will happen in about 20 years' time. A typical example is Canada. Those who are making contribution will never receive the same amount as what the elderly people are receiving now. The Government has conducted the consultation in an unfair way. I wonder if the scheme will have 100% support from the people. The Government said that 100% of the people were in support of the scheme. But I have heard that there were only 70%.

When the Scheme was tabled before this Council by the Government, I have asked the Government whether I could be given all the underlying assumptions. I know that the calculations must be very accurate if I input all the figures into the computer and generate the results. However, are all the relevant assumptions believable? Let us take population growth as an example. As I have said earlier, we need a large population to support the elderly. To our surprise, the Government assumes that the fertility rate will increase from 1.3 to 2.1. In fact, a fertility rate of 2.1 is what we found in the late 1960's and early 1970's. I have four children. But will young couples have four children nowadays? In reality, this assumption is quite impossible. Besides, the Government also forecasts that there will be a large number of immigrants. But we have to know that not all immigrants will be working. Some of them may have reached the age of 64 when they arrive in Hong Kong and will become

eligible for the pension in the following year when they are 65. Therefore, it is wrong to say that there will be a sufficient population to support the elderly because of the large number of immigrants. For those who are behind the scene to design the scheme, I really want to query what they have in their minds. Hong Kong people are not that foolish. Nor are the civil servants. They will not waste their efforts in doing something which they are pretty sure to be impracticable.

Now, I would like to talk about Honourable CHEUNG Man-kwong's opinions. In fact, everyone in Hong Kong, including those from the industrial and commercial sectors, wishes to see the implementation of the scheme as soon as possible. For those who are in need, just like the old lady who has sugar grains for her meal, the Government should immediately give a helping hand. No one will oppose to it. No one will want to see a delay of the scheme. But the fact is that it is impracticable.

Today, many Members have discussed the loopholes in the scheme. I do not intend to spend time in refuting their opinions one by one. The Chinese have a very good virtue of saving money. No matter they are in Hong Kong or overseas, the Chinese always believe in the traditional idea of "saving grain for a famine; rearing a child for your old age". I believe this tradition will continue. If the Government's Old Age Pension Scheme, which covers all the elderly is implemented, our youngsters will behave in the way just as most youngsters in the western countries do. They will not take care of their parents when they have grown up because their old parents will be looked after by the Government. This will be the worst scenario.

The proposal put forward by the Liberal Party is two-fold: to succour the elderly who are in need; and to encourage people to save money for their living after retirement. This is really a good solution. If we use the pension fund now .....

*The digital timer showed 0700*

PRESIDENT: You have to stop, I am afraid.

MR MICHAEL HO (in Cantonese): Mr President, each year, the Legislative Council holds one to two debates on retirement protection in Hong Kong. This year is no exception. Since the Government published the consultation paper on the Old Age Pension Scheme (OPS) in July this year, it has led to extensive discussions in the community. As this Scheme has far-reaching consequences, it is hoped that the Government can listen carefully to views from various circles and draw on collective wisdom.

The Democratic Party's position on retirement protection is clear and firm. I will state our position clearly to the public on behalf of the Democratic Party:

Conceptually, the Democratic Party supports a dual protection system which includes the OPS proposed by the Government and the establishment of a central provident fund (CPF). We think that the problem of an aging population and insufficient retirement protection for the elderly can only be solved if these two schemes were implemented simultaneously.

We support the Government's proposals in principle because the OPS can offer immediate protection to the elderly. Moreover, its scope of protection is wider than that of the CPF. People without a working history such as housewives or those who have retired or is retiring can benefit from this Scheme.

However, regarding the specific proposals of the Scheme, the Democratic Party thinks that there are still areas which need to be considered:

Firstly, in respect of the Government's commitment, the Scheme suggests that the Government should make an one-off capital injection to support the OPS. The capital should include a contribution of \$1.2 billion in the Government's capacity as the employer of civil servants and an injection of \$10 billion for the initial operating cost and for meeting any contingency under the Scheme.

In the face of it, the figures seem to show that the Government has made a huge financial commitment of \$15.6 billion. However, if we look carefully behind these figures, we cannot see any extra commitment made because of the implementation of this Scheme. Both the Government's contribution as an employer and savings from the original welfare for the elderly ought to be the Government's expenditure. Moreover, the injection of \$10 billion is only for the initial operating cost and commitment. After the Scheme has been implemented for some time, the costs paid initially can be fully recovered.

At present, Hong Kong has a sound public financial situation. The Government should not shift the entire burden brought about by the aging population back to the community. Hence, the Democratic Party is in favour of a form of contributions by three parties. Besides paying the above sum, the Government should make contributions on a pro rata basis, with its share of contributions not less than one-third of the total amount of contributions under the Scheme.

Another issue that deserves consideration is the level of the payout under the OPS. It is now proposed that the pension will be adjusted according to inflation in the future. This means the pension will be frozen at the 1994 level in the coming decades. Since the rise in the income level will be above that of inflation, this implies that the relative purchasing power derived from the

pension will decrease incessantly. Twenty years from 1994, the relative purchasing power derived from the pension will amount to only half of what it is now. By 2098, it may even be reduced to a mere 10%. By then the pension will become "a white elephant" which is just better than nothing. The solution will be to link the pension to the wage index but that will lead to a rise in the rate of contributions. The Democratic Party thinks that adjustment through pegging with the price index is acceptable only if the Government implements the CPF Scheme at the same time. It is because 20 years later when the purchasing power derived from the pension will apparently be decreasing, the CPF will then be in effect and the two schemes could augment each other.

The Democratic Party now insists that the CPF Scheme should be implemented simultaneously with the OPS, not for the sake of replacing the latter but in the hope that the two Schemes can complement each other and thus perfect the entire retirement protection system with their respective merits. The CPF does not have any short-term effects, yet for the long term, it has irreplaceable merits. At present, the Hong Kong population is aging, the whole community has to bear more and more for welfare for the elderly. The payout given under the OPS will be funded by pooling the community's resources together, but the burden on the entire community will not be relieved. As for the CPF, it prepares for one's future through one's savings which is in line with the principle of "more efforts, more gains." Moreover, when the working people in the community start to prepare for their own future, the community's future burden of elderly protection will thereby be relieved.

Of course, the CPF has other merits and the Legislative Council has already reached a consensus on it in previous debates, so I will not repeat them here.

At present, it is still unknown whether the OPS can be implemented before 1997. Chinese officials have kept on questioning the motives and feasibility of this Scheme and the scheme may consequently become aborted at any time. The Democratic Party thinks that we cannot just await our doom. For those of us who are in our thirties or forties, we can still wait. However, for those old people who are struggling in poverty, days wear on like years. In view of that, we request the Government to immediately raise the level of standard Comprehensive Social Security Assistance payments to old people to \$2,300 which is also considered by the Government as a reasonable living standard for retired elderly people. As for the CPF, the Democratic Party will formulate its own plan.

With these remarks, I support Mr LAU Chin-shek's amendment motion.

*The digital timer showed 0700*

PRESIDENT: You have to stop, Mr HO.

MISS EMILY LAU (in Cantonese): Mr President, ever since the launching of the Old Age Pension Scheme (OPS) by the Government in July, wide discussion among people has been aroused but views have been very diverse. However, I believe we all support the principle that the Government should be responsible for taking care of and improving the living of needy elderly people. The point is whether the present proposal by the Government is really beneficial to the needy elderly people and the territory as a whole. I believe we all admit that the resources of society are limited. The basic concept of the OPS is that all elderly people, irrespective of financial situations, should be eligible for the same amount of pension on reaching the age of 65. To these well-off elderlies, this sum of money in fact meant very little to them. However, as many of them would receive such a pension, the resources of society cannot be allocated to needy old people and provide them with more support. This may result in a "halfway situation" which may not be beneficial to the elderly who are really in need.

Contribution to the OPS is in fact designed as a tax. Therefore, I doubt whether it is necessary for the Government to concoct a crafty pretext to set up an OPS administration which employs 1 663 people and spends \$500 million a year, as well as requiring \$750 million as setting up costs. I wonder whether these manpower and resources can be put to better use in helping the needy old people in society.

Mr President, the Government always stresses that the advantage of this pension scheme is that the public need only contribute at a low rate to provide all elderly people in the territory with an amount sufficient to maintain basic living, that is \$2 300, which equals to 20% of the current average wage in society. Since the increase in pension would be linked to inflation rather than wages, as stated in the report of the consultant commissioned by the Government, the value of the pension relative to the value of the average wage in society would decrease year after year. The government consultant has also advised us that by the year 2058, the value of this pension would only equal to 4.6% but not 20% of the prevalent average wage in society at that time. In addition, the report of the government consultant also admits that in the future there will be pressure from the community requesting for an increase in pension which is higher than the rate of inflation. If Hong Kong people wish to maintain the pension at a level equal to 20% of the average wage in society, the contribution rate would have to be raised by that time. According to the consultant's report, the contribution rate may have to be raised to 7.2% in the year 2036. Taking these circumstances into account, can the OPS be one which, as the Government claims, only requires a low contribution rate to provide the elderly with basic income? I would like to ask the Government whether it has misled the people of Hong Kong.

Mr President, some people support the OPS because they think that the provision of assistance by the Government to the elderly after a means test will hurt the dignity of the elderly. Therefore, they all agree that all elderly people should be eligible for an amount of pension without a means test.

Mr President, I think the dignity of a person has nothing to do with whether he is living on Government subsidies. Are students receiving education subsidies deprived of their dignity? Take myself as an example. While I was in primary and secondary schools, I applied to the Government for remission of school fees but I did not find myself without dignity at that time. I hope the community, especially the many elderly, people will not hold the view that "it is not dignifying to be supported by the Government". It must be borne in mind that to care for needy people in society is the Government's responsibility. This has nothing to do with the dignity of individuals. We support the introduction of a means test absolutely not because we want to make things difficult for the elderly, but simply because we want to put the limited resources of society to more effective use. In the meantime, I also urge government officials, especially those who have regular contacts with the elderly, to try their best to treat them well, in a such way that they will feel respected and would not find receiving money from government officials just like receiving alms from the Government.

Mr President, the Government's consultant's report also points out that no country in the world can maintain a low contribution rate for long time without a means test, and provide a uniform pension scheme to all elderly people. Moreover, one present trend is that many countries hope to reduce the heavy financial burden brought about by this policy. How then can Hong Kong be an exception?

Mr President, I am very much in support of part of Mr LAU Chin-shek's motion as to the increase in the rate of Comprehensive Social Security Assistance (CSSA) to \$2,300. Many Members representing the commercial sector have also said clearly that they are very pleased to see Hong Kong people paying more money to support these elderly people. They also say that \$2,300 may not be sufficient and that they are prepared to increase the rate further. During my interview with the Financial Secretary on Monday, I had talked about this with him as well. Many of our friends in the commercial and professional sectors have similarly pointed out that we can increase the rate of the CSSA to support the elderly. Therefore, we have to reach a consensus in this respect. I urge the Government to act immediately. Moreover, I am very disappointed at the Government's refusal to introduce a central provident fund. However, to compromise by taking the second best, I would also support the introduction of a compulsory retirement protection scheme. I hereby urge the Government to submit the relevant legislation to this Council as soon as possible. If the central provident fund is not to be introduced, I believe many Members would support the implementation of a compulsory retirement protection. We have been waiting for decades, and we do not want to waste any more time.

Mr President, I very much worried that the present OPS proposed by the Government cannot provide real retirement protection for the elderly, but will incur astounding and heavy financial burden to Hong Kong, especially to our

next generation. Once this Scheme is started, it will be very difficult to terminate it. Therefore, I urge the Government and all Members to think twice.

DR TANG SIU-TONG (in Cantonese): Mr President, the Old Age Pension Scheme (OPS) put forward by the Government has drawn strong reactions from all sectors in society. The successive voices of support and objection reflect that the content of this proposed scheme is controversial. In all fairness, the Government's proposal does contain many loopholes and shortcomings. The most dissatisfying and confusing point of the whole scheme is that retirement protection as well as welfare for the elderly are being mingled together. The Government has undoubtedly wanted to substitute pension benefits for the old age supplement and Old Age Allowance. I think either the Government is purposely confusing retirement protection with the welfare system or attempting to make a drastic change to the existing system. But unfortunately, the Government has not given a clear account to the public of the reasons why it wants to alter the system and we are thus at a loss as to the rationale and reasons for the proposed changes.

The proposal of the Government came like a bolt from the blue. People were not only astonished but also doubtful of the real motive of the Government. The system of "giving money to everyone and distributing rice to every family" appears to be a rule of virtue by the Government. But in the long run, this welfare system of "preparing food in a large canteen cauldron" is doomed to bring in endless trouble. What we are pursuing is a retirement protection scheme that is comprehensive, well-conceived and feasible. The welfarist system of "sharing food in a large canteen cauldron" proposed by the Government contains many elements that will bring uncertainties to the future. It is hard to guarantee that there will not be any financial crisis in eight or ten years. We should take a down-to-earth approach when facing the future. The view of "not caring for eternity but only for a one-time possession" may sound adorable and romantic; but in terms of a retirement scheme, it may be a bitter cup of wine.

Another contentious issue of the OPS is the problem of contributions from employers and employees. Contributions from employees is also a form of self-saving for retirement protection purpose. It not only deviates from the concepts of "the harder one works, the more he gains" and "hoarding grain against a lean year", but is also, in a way, a new welfare tax in disguised form. Although those low-income workers whose monthly wages barely exceeds \$4,000 are being excluded from the salaries tax net, they can hardly evade the welfare tax. It will even mean a double loss for the self-employed.

All in all, I do not consider the Government's proposed scheme really has the sincerity to work for the well-being of the retired. If the Government insists on carrying out this incomprehensive scheme, it will surely bring about many social problems, such as disputes between the beneficiaries and the young contributors, the conflict of interests between the employers and employees, the

polarization and antagonism between the high-income and the low-income groups. All these problems will certainly emerge. We must signal a warning to the effect that the Government's OPS is "easy to implement but hard to abandon". Once it is implemented, we will embark on a road of no return where turning back is impossible. The saying has it that it is hard to meet but it is as hard to part; but where there is not enough means, everyone will suffer! In the case of a faulty plan, the consequence is dreadful even to imagine.

Mr President, not long ago, this Council endorsed the Central Provident Fund (CPF) Scheme with the majority of Members voting in favour but the Government went so far as to take no notice of that. We were all extremely disappointed. As the OPS is now put forward by the Government, however, those who strived for the CPF Scheme not long ago seem to have voluntarily disarmed themselves and surrendered. The volatility in the political scene is indeed breath-taking.

Mr President, faced with widely divided opinions, please forgive me for clinging to my steadfast position and standing firm on the virtue. There is no way that I can support the Government's OPS — nor can I support Mr TAM's motion and Mr LAU's amendment motion. Nevertheless, Mr TAM's motion and Mr LAU's amendment motion do contain some points which conform to my viewpoint regarding urging the Government to increase its financial commitment and to improve the existing benefits for the elderly. Therefore, although I do not agree with their motions, I do not object to them either. As for Mr TIEN's amendment, since it does not blot out a double protection system as it seeks to improve the present old age benefits system and strives for retirement protection in the form of a central provident fund with the Government's commitment or a mandatory compulsory provident fund, therefore I am in support of it.

Mr President, I so submit.

Mr CHIM PUI-CHUNG (in Cantonese): Mr President, first of all, we need to know what a government is. Basically, the Government belongs to the people, to us. In this respect, all officials at Secretary level present in this Chamber are not any much different from all of us. Mr LAU Chin-shek has said that the Government should bear one-third of the expenses, but where does this money come from? Does it mean that the Government has to print forged bank notes? Indeed, some other person has been shouldering the expenses. It would be a very selfish act, which is deplorable, to support a proposal just because one need not be responsible for paying one-third of the money payable. Earlier on, Mr CHEUNG Man-kwong tried to turn the matter into something very "partyistic" and "lobbyistic". Even if Mr CHEUNG wants to lobby for votes for the approaching 1995 Legislative Council election, he should not be lobbying in this instance because he belongs to the education sector.

Before putting forward my views in this debate, I need to begin by criticizing the Government at the outset in its announcement on television that the proposal has gained support. In fact, it is very easy to write to a television station to indicate support. So, I hope that the Government would take great care in assessing the support it is getting. If only one individual is represented in the support, then the Government must find out whether such person is entitled to the so-called Old Age Pension. If so, the person is interested and his views need to be marked down.

I cannot see why the Government insists on implementing the Scheme. There must be a purpose or an objective for every move. I think the best explanation for this move of the Government is that it wants to evade its responsibilities. We should know that the Government is paying, as old age allowance, \$485 to each senior citizen above 65 and \$555 to each aged above 70. The Government is also giving welfare allowances to more than 60 000 people. All these cost the Government over \$4.2 billion each year, inclusive of administrative expenses. This sum will certainly increase year after year and the Government is worried about the ever increasing amounts. What should the Government do? Why not shift the burden to somebody concerned in the society to alleviate the Government's burden? Viewing this from the angle of Government officials, this is not severely chastisable — they are going to have stable income in the future and they earn on the one hand and can spend on the other. However, viewing this from another angle, we must take into consideration the structure of society as a whole and gain an in-depth understanding of the changes that will take place in the future world.

Let us consider how we find the financial and economic situation of the so-called three most democratic countries in Asia, namely India, Pakistan and the Philippines; and as a comparison, we find that the comparatively more totalitarian communities, such as Singapore and Malaysia are doing better and better. We must cherish the past, present and even the future successes of Hong Kong. We need harmony between employers and workers. I once remarked that every worker in Hong Kong wants to become a "boss" one day. Even if he cannot be one, he hopes his children can. No worker in Hong Kong would want to stay a worker all his life. Mr LAU Chin-shek has been battling for the benefits of workers, he is essentially battling for his own goals or objectives. I might, in saying so, have belittled what Mr LAU is doing. Anyway, we need to foster solidarity among various sectors of the community for a brighter future. We should not polarize people, nor should we polarize the community for political ends. Therefore, I very much hope that everybody can sensibly and justifiably synthesize the matter for all sectors of the community to discuss. Only by so doing can we achieve our goals.

Turning to the Old Age Pension Scheme (OPS) put forward by the Government, there are in fact numerous falsities in it. What is retirement? Many jobless elderly people just wait until they are over 60 to receive payments made under the OPS, and there is nothing to do with retirement. If the Government insists on giving them money, its offer will certainly not be

refused. It comes as a surprise to me today that Miss Emily LAU has managed to ask so many questions in a sensible manner, and did not engage herself in aimless discussions.

The elderly who have difficulties need to be taken care of. Now, people from the industrial and commercial sector and other sectors have all agreed to pay \$1,760 to every elderly person, and in the case of those who have family members, to increase the amount from \$1,385 to \$2,300 and no one has raised any objections to this arrangement. I cannot see why the Government said once and again that the industrial and commercial sector refuses to pay. Our calculation shows that if each of the existing 66 000 people draws \$2,300 a month, the Government needs only to pay 1 to 2 billion dollars a year, which is a sum it can afford. This amount will go up to \$5 billion if old age allowance is included. This will not pose any problem in the next one to two years. I am at a loss as to why the Government has complicated things to such an extent that disputes are now beginning to take place among the general public and among political parties, and the Government has positioned itself against us. Just give the matter a little thought and you will find that this involves political implications and objectives. It is better for a topic to be set for our argument than no topic at all. This can avoid the Administration being held responsible after it returns to the United Kingdom. Some of you may not agree to this point but basically political parties will have a heated debate on the matter.

Mr President, I personally think that the Government should fully understand that it is necessary to disclose this issue. It should try to understand that all sectors are willing to pay for what is required to cater for the immediate needs of the elderly. The OPS put forward by the Government only serves to thrust money by force into the pockets of the elderly, some of whom may be multi-billionaires. As I mentioned earlier, we need to distinguish between rights and welfare. If this is a right, who will waive his own right? Some elderly people say they are getting \$550 or \$485 a month through autopay. They would rather use the money and have 'dim sum' than give it up. Similar situation would take place in the future. Why give up the chance of pocketing the \$2,300? Why is the Government giving the money to those who do not need it? Therefore, I think assessment and scrutiny is absolutely essential, in order to ensure that the hard-earned money of the public will not be inappropriately spent or unnecessarily squandered by the Government. I earnestly hope that the senior citizens would not be mistaken that we are denying the benefits they are entitled to in opposing the Scheme. We are actually protecting their interests, as we are objecting to the same treatment being given to those elderly who do not need the money and those who badly need it. It is absolutely unnecessary for the public to be misled and be polarized.

We fully understand that China's policy of paying everyone the same irrespective of their contributions has now been disregarded as something of the past. Why is Hong Kong picking up this kind of responsibility now? Mr President, I personally totally object to the OPS policy but I strongly advocate

that needy senior citizens should immediately be taken care of by paying them \$2,300 or even \$2,500 as social allowance.

These are my remarks.

MISS CHRISTINE LOH (in Cantonese): I believe the reason why we are having such a hard time discussing this question today and there are so much confusion among the public is that we have often mixed up some concepts. One is of course "welfare" while the other is "protection". If we merely look from the perspective of welfare, there is already a welfare policy in Hong Kong at present. The fact that we are now having such a hard time discussing is just because we seem to have taken half a step, trying to find out whether we should have a protection system in Hong Kong. However, the Old Age Pension Scheme (OPS) proposed by the Government is neither a welfare nor a protection scheme. Hence, we encountered such great difficulties in analyzing this issue.

I believe that my colleagues who have already spoken have stated clearly that, looking from the perspective of welfare, it is perfectly fine if we expand the welfare for the elderly today, but the Government has not stated its views in concrete terms. If we look from the perspective of protection, \$2,300 per month is absolutely inadequate. The real use of this amount of money can thus only be assessed from the perspective of welfare. If this is really the case, I believe that it is also the reason why we are at such a loss in handling this matter. We do not want to oppose the motion, but if we vote for it, all of us have probably noticed that there is a problem in the Government's proposed scheme. If we ask whether a protection system should be set up in Hong Kong, I believe that the Hong Kong people do not yet have the opportunity to discuss what the system should be like if Hong Kong really sets up such a system. The protection system proposed by the Government now is an incomplete one. If we really ask the public whether a protection system should be set up in Hong Kong and what it should be like, I think they may not actually want a protection system, if it is an imitation of some protection systems of the West, because many people in the western countries have already had many opinions about their protection systems. If we were to take the same route in Hong Kong, we must be creative and consider how a Hong Kong style of protection system should be like. But I believe that we will not be discussing this topic today because we do not have much time. Besides, the scheme proposed by the Government definitely cannot meet our objective. If we approach the public, we really have to explain to them whether we need a protection system. Perhaps most of them will be satisfied already if we have a welfare system or a better welfare system. This explains why when I cast my vote today, I will vote for Mr TAM Yiu-chung's motion. At least he mentioned in his motion that he hoped that the Government's system could be more complete. If the Government can make some improvements, the scheme can be acceptable too. I hope that the Government can listen to the valuable opinions expressed by many Members today.

Thank you, Mr President.

DR LAM KUI-CHUN (in Cantonese): Mr President, about today's debate, some say that if we do not basically support the Old Age Pension Scheme (OPS), we are not caring about the livelihood of the elderly. In fact, the "two-prong" proposal of the Liberal Party is put forward because of some mis-calculations in planning by the Government, and just as Mr LAU Wah-sum has pointed out the problem of the elderly cannot be solved.

Mr President, as defined in the Oxford Dictionary, "welfare" is a state comprising good health, comfortable living, decent working environment and so on.

To the wealthy people, apart from health which is beyond their control, they have already reached the state of "welfare" as defined in the Oxford Dictionary. All monetary plans which forcefully take money from people to supplement the wealthy elderly have three adverse effects:

1. Wastage, as resources are given to those not in need.
2. Heavy social burden, as resources have to be collected and distributed at the same time to those in need and those not in need.
3. Scale down resources for the poor, as limited social resources cannot be focused on those in need.

In other words, the OPS and all other patching up motions, including today's original motion and the amendment proposed by Mr LAU Chin-shek all have these three inevitable defects, and it is just a plan where the poor pretends to be rich.

If I were to receive money from the community to supplement my personal benefits today, I will have three expectations for this welfare supplement:

- (1) The amount must be adequate. According to the definition of welfare, the amount must be distributed to meet the actual needs and not because that other people are rich and have a high median wage so that you want to get as much as they do. Otherwise, this will become greediness. Luckily, it seems that all parties (including the Governor) have reached a consensus on the monthly welfare assistance to be set around \$2,300 for each person.
- (2) The assistance should be immediately available and continuous, so that we do not have to worry about its availability tomorrow. According to the Government's pay-as-you-go method to implement the OPS, Professor THOMPSON, an authoritative scholar at the

London University, concluded after precise calculations of the Government figures that future pensions for the elderly will become less and less. The amount will be reduced to \$750 each person per month of the present purchasing power by the year 2042. This will be the actual result of being righteous, caring and sincere as what Members claim to be today. This will only be playing a trick on the shortsighted public if the Government continues to promote extensively the benefits and collect opinions on this scheme without clarifying the dim prospects.

However, if the Government follows the Liberal Party's "two-prong" plan and increases the public assistance for the elderly from the present level to \$2,300 per month, with the payment made only to the needy, then, even if the terms of application are relaxed, with immediate effect, by increasing the total assets and non-family disposable fixed assets of the elderly from around \$24,000 and \$12,000 to around \$34,000 and \$30,000 respectively, the burden of the Government will only be increased by not more than \$1,850 million a year. Hong Kong can pay this amount continuously without increasing tax and the recipients can certainly have a strong sense of security. When the number of provident fund recipients increases sharply in the future, the number of public assistance recipients will decrease correspondingly and the burden of public assistance on the Government will be gradually alleviated.

- (3) The economy will not enter a recession because of welfare payments, and the recipients can continue to enjoy decent lives. The provident fund as suggested by Mr James TIEN is actually a savings system. Savings contribute to the community's wealth and is the driving force of the economy. A few years later, more people will have savings and less people will depend on public assistance. As a result, wealth will accumulate in both the Government and the community. The rich will be richer and the poor will be better off and the community will more prosperous, and the social condition for the welfare assistance recipients can be safeguarded.

Conversely, if the Government were to adopt the pay-as-you-go method, whether it increases investment by increasing tax or not, this is a kind of tax and expenditure anyway. Professor Francis LUI of the Hong Kong University of Science and Technology has accurately calculated that this will cause a total loss of \$2,000 billion in 40 years which is equal to the construction costs of 10 new airports. This will easily bring about economic recession, just like the financial slump in those welfare states now. Even if the public assistance recipients can have more money in the future, it will be very difficult for them to reach the state of welfare.

In addition, there are suggestions that both the OPS and the Provident Fund proposal can be implemented at the same time. The Liberal Party has

calculated that if these methods requiring contributions were adopted solely for looking after the elderly, the total contribution will soon amount to 20% of an employee's salary. This is in indeed an exorbitant taxation.

Both the motion of Mr TAM Yiu-chung and the amendment of Mr LAU Chin-shek are trying to patch up the OPS. Even though we force the Government (that means the taxpayers) to increase its contributions, the effect of levying exorbitant taxes can still not be avoided.

Mr President, the Liberal Party's "two-prong" proposal urges the Government to pay the elderly's welfare assistance and under such a condition, Hong Kong is able to pay without making any increase in tax, the proposal can become effective immediately and be implemented continuously. We also request the Government to implement the provident fund scheme, so that the general public can have savings and become independent of themselves, the community will become prosperous. This is in line with the traditional thinking of Hong Kong people as well as our long-term economic results. It also tallies with the World Bank's appeal made to those welfare nations heavily in debt.

Mr President, with these remarks, I support Mr James TIEN's amendment.

MR MARVIN CHEUNG: Mr President, the motion shows clearly that, in spite of years of debate, old age pensions and welfare are still being confused. The two issues are separate and by confusing them we muddy the waters and provide an effective solution to neither problem. In addition, by calling on the Government to take notice of the views of the public and assume greater financial responsibility for the Old Age Pension Scheme (OPS), the motion pre-empts the consultation exercise. It is notable that many sectors of the community have criticized the Scheme and expressed great concern at its implications.

For elderly people who are in need, the quickest, simplest, most effective and cost-effective way to help them is to increase welfare payments. The OPS, which has been proposed by the Government after some 30 years of debate and which it now seeks to introduce with undue haste, is fatally flawed.

Let me repeat the main points of this argument. The Government cannot have managed to convince even the most casual observer that it has done its homework thoroughly and that the assumptions it has made are based on acceptable information. For example, what exactly are the numbers of old people in need when, by the Financial Secretary's own admission, Hong Kong people are good savers? Does the Scheme target the right segment of the community and are the proposed levels of contributions and benefits appropriate and viable? Are "contributions" really another tax in disguise? They certainly would have the effect of a payroll tax. What would be the long-term effects of introducing such a radical change in Hong Kong's way of life?

The most important criticism is that, if the Scheme is implemented in its present form, it will become a serious financial liability to the community. The feasibility study commissioned by the Government points out two major inherent problems. First, as the OPS become more and more established, expectations rise and they become increasingly complicated and expensive due to the pressure to enhance the range and refinement of benefits. Second, due to the aging of the population (Hong Kong has an annual increase of 3% and rising) it becomes necessary either for benefits to be reduced or for contributions to be increased. Knowing this, is it fair to burden the people of Hong Kong with a new and virtually open-ended commitment to expenditure, especially when we are just about to enter into a new political order and when a proven system is already in effect?

Several alternatives have been put forward during the consultation exercise which provide more benefit for the needy at less (and more predictable) cost to the community. I urge the Government to give serious consideration to these alternative proposals.

If, however, despite all the arguments, the Government decides to go ahead with the Scheme, I would recommend most strongly that it be refined in the following terms. The Scheme should be a defined contribution scheme. It should also be means tested. It makes no sense to give away public money to those who do not need it just because they have reached a certain age. Means testing is a difficult subject but I am convinced that, with imagination and intelligence, it could be made more acceptable. For example, it could be narrowed down by exempting all those over the age of 70 and those over 65 in special circumstances. The point is that limited funds have to be managed properly and a way has to be found to target the truly needy. Finally, collection of contribution should be the responsibility of the Inland Revenue to whom extra resources should be given. They have the experience and the expertise to manage such an exercise. I would not underestimate the task ahead if we are to implement the OPS as originally proposed. Mr President, the Honourable Mr Vincent CHENG will not speak on this debate but he has asked me to express that he endorses the view expressed by me in this debate. For the above reasons, I will not support the motion proposed by the Honourable Mr TAM. I will support the amendments proposed by the Honourable Mr James TIEN.

Thank you.

MR JAMES TO (in Cantonese): Mr President, the debate on retirement protection has been going on for over 20 years, and it is still going on to date. Since the Government has published the Old Age Pension Scheme (OPS) in the middle of the year, people from various sectors and organizations, as well as scholars are once again involved in an endless debate. In my speech today, I am not going to put forward any unique professional opinion to convince people with different views. Much have been said by Members from the Democratic

Party. What I am trying to do is to present the opinions of ordinary citizens from their points of view.

Kowloon West, the constituency to which I belong, is a district with a large population of aging people. There are as many as 76 000 old people who are over 65 years of age and 25 000 old people who are over 75 years of age. It has become the largest aging community only second to Kwun Tong. If we read the demographic survey careful enough, we can find that Kowloon West is among the top-ranking districts where there is a high percentage of people aged over 65 in the workforce. In Yau-Tsim-Mong District, over 30% of the people aged over 65 still have to work, which is much higher than the territory-wide average of 22%.

Having read these figures, we would ask ourselves why over 30% of the old people still have to work after they have reached their retirement age? This may be the virtue alluded to by many Members just now. Naturally, after retirement, who does not want to stay at home to enjoy life? But in reality, under the present social institution, they have to continue working in order to earn their livelihood. This is especially so for those living in old districts where household income is generally low. Therefore, even though they have a lot of children and grandchildren, they still have to work in order to help supporting the family livelihood. Who wants to be a bald head if he has hair? The Government may say that the existing Comprehensive Social Security Assistance (CSSA) Scheme has already provided the minimum livelihood protection for the old people who are in poverty, and many Members have mentioned that having the CSSA should be enough; should these people have nothing to live off after their retirement, they surely can apply for CSSA payments and need not work any more. But in reality, this is impossible. With the existing means test for eligibility, the Government will look after them only if they have absolutely nothing to depend on and will be starved to death at any moment. But in our society, we have quite a number of low-income families in which both of the couples have to go out to work while the children have to go to school. They have already found it hard to make ends meet, not to mention giving extra money to the elderly for their daily uses. It is so often the case that the elderly have to count on the mere \$500 odd old age allowance as pocket money while relying on their children for bed and board. Under these circumstances, many old people are forced to find a job to support themselves on one hand, and to help financing the livelihood of their children's families on the other.

Therefore, when we discuss retirement protection policies, we should, first of all, define clearly the objectives of the policies. If we think that all we have to do is to provide security for those elderly people in Hong Kong who have no one to depend on, then, as a matter of fact, the CSSA Scheme has already achieved this target to a certain extent. However, the point is that no matter how great the amount of CSSA payment is, as long as the requirements are not relaxed, we can only protect those in abject poverty as defined by the Government. It will do absolutely nothing to help those elderly people from low-income families whom I have just mentioned.

I am in favour of the Government's OPS. I think we should not stay put with what we are doing now in view of the economic development of Hong Kong. Those who are most in need of help are those elderly who are living above the the line of abject poverty but the income of their families is barely enough. They still have to go out to work after 65 in order to earn a small income. Just take a walk on the streets or have a look at the restaurant kitchens of Sham Shui Po or Yau-Tsim-Mong District and you will understand what kind of hardship they are in.

In Hong Kong, there are nearly 300 000 old people who are dwelling in such a situation. While economists are speaking in high-sounding words of how old age pension will be detrimental to family values and the economy of Hong Kong, claiming that we need only to increase the CSSA payment and the problem will be solved, have they ever seen such heartbreaking scenes in the older districts? Is this the right attitude for a society to show towards people who have been toiling for years in the past?

Our endless debate will only contribute to their continued hardships. Government officials can wait, and my dear Honourable Members can wait, as they are going to have a handsome pension on retirement and there is nothing to worry about. Young people can wait as well because retirement is so remote to them. But the old people cannot wait.

How the OPS will end up with is still something unknown, judging from the way the Government puts forward its arguments. The way China will see it, as the Government has said, will certainly affect the decision on the proposal. Let us just forget for a moment the controversy in our community and consider the urgency of the issue. We hope that the Government will increase the CSSA payments for the elderly people so that they can have the minimum dignity of living, and by so doing it can also mitigate the adverse effects caused by the delay in policy-making. It seems that a consensus has been reached by this Council and the community at large, including the business sector, as regards increase in CSSA payments. There is absolutely no reason for the Government to continue ignoring it. If the Government decides to mark time and let the matter drag on, we will all be ashamed of such a government.

Finally, I would like to say something on the amendment motion by the Honourable James TIEN. In his amendment motion, it reads in the last sentence that " ..... and should seriously consider the views expressed by the public on various retirement schemes, including the Old Age Pension Scheme". I find this very strange since many colleagues from the Liberal Party have put forward many justifications for not supporting the OPS, I do not think that it is necessary to include in the amendment motion the wording "should seriously consider ..... including the Old Age Pension Scheme". Of course, what is meant by "consider" may be to consider not implementing the scheme. If that were the case, then why not just include in the motion your own views, that is, this Council is in the opinion that the OPS is not feasible, and that the public should consider other retirement protection schemes. That will make it a lot clearer.

I support the Honourable LAU Chin-shek's amendment motion and the Honourable TAM Yiu-chung's motion.

MR HENRY TANG (in Cantonese): Mr President, the Liberal Party's arguments on retirement protection for the elderly are very clear. We do not support the Old Age Pension Scheme proposed by the Government because there are too many crises being embedded in this proposal which are very likely to come up. The Government should, in fact, know perfectly well about these crises. As it is mentioned in the second paragraph of Section 4 of the Wyatt's Report, a report compiled by the consultants appointed by the Government to study the Old Age Pension Scheme (OPS), the implementation of the OPS will inevitably be subjected to political pressure which will lead to continued increase of the contribution rate in order to cope with the need of the beneficiaries, thus creating a heavy burden to the society and the contributors. These are the predicaments that western countries are currently facing and Hong Kong will be no exception. However, the Hong Kong Government has not mentioned this point in the consultation paper but insists that this proposal is viable. Despite much thought, I still fail to make head or tail of such a move.

The community has been debating with great enthusiasm the issue of retirement protection for the elderly in the past few years, especially during the consultation period in the last three months. As many colleagues have spoken of the pros and cons of the Old Age Pension Scheme today and we are all very familiar with them, I do not intend to repeat them. All I hope is that the Government can attend to these views in an open, fair and liberal manner, and will not adopt an attitude of exclusion and act conservatively when dealing with questionings.

Earlier on, Mr President, 78 academics from the departments of economics of the seven tertiary institutions in Hong Kong have jointly sign a letter to denounce the Government's proposal in a high profile. This is indeed rare and I think the Government should take it seriously. I think these academics are not inclined to any of the political camps and do not appear to be engaged in any conflict of interests. They drew on their expertise to analyze the proposal and found that the OPS would cause far-reaching negative impacts to the society and the economy of Hong Kong at large. Without having studied their views in depth, the Government struck them a blow by claiming that the criticisms were inaccurate and biased. The Government has stressed time and again that in handling matters pertaining to people's livelihood, public opinions would form the basis. But cases of the Government using its power to suppress public opinion, as in the above, are common. How sincere is the Government in listening to the views of the people? Or does it adopt public opinions on a selective basis? I believe we all have the answer.

The way that the Government handled the consultation exercise of the OPS is, I think, very unusual. As it is termed consultation, it should supposedly be conducted in an open manner so that a diversity of opinions could be taken.

Particularly when there are so many different kinds of proposals on the market, there is every reason for the Government to deal with them impartially. Regrettably, the way that the Government handled the matter this time can be described as a "hard sell" approach. As soon as the OPS was put forward, all the "back doors" were shut right away and at the same time, it has been repeatedly stated that the Government would not give any further consideration to a central provident fund scheme or mandatory privately-run retirement protection scheme. In other words, the message being disseminated is either you take it or else you will get nothing at all. This is extremely unfair to the people of Hong Kong.

Mr President, I wonder if you have paid attention to the Government's publicity film on the OPS, which has been broadcast on radio and television for the past few weeks. My view is that the elements contained therein are misleading.

Let me cite a dialogue from that script. The old man said, "See? This is from the Old Age Pension Office!" The old lady beside him replied, "Great! This is to tell us that our application has been approved." The English version then ended with "Say yes to OPS." It sounds as though the Government is promoting a new brand of liquid detergent. Mr President, the Government has, during the consultation period intentionally or unintentionally, conveyed to the general public a message that "the OPS has been adopted and members of the community will receive \$2,300 very soon and, what is more, payment is made by autopay". In fact, there is something wrong with the tactic employed by the Government in this publicity campaign. The community can lodge complaints to the Consumer Council at any time claiming that the information publicized goes beyond reality. As the Government has divulged and as colleagues in this Council know pretty well, even if a decision were reached today, the earliest possible time for the scheme to be implemented will be 1996.

Mr President, the Liberal Party has been reproached for not supporting the Government's proposal, that our position showed that we might not want to have any kind of retirement protection scheme at all and that our purpose was to play for time. I hereby stress that this is absolutely untrue. I find this kind of logic totally unacceptable as it assumes that if something is not black, it must be white. Do not try to think of sticking labels on us indiscriminately.

The Liberal Party's counter proposal of a two-pronged approach, that is a mixed compulsory retirement scheme, is to me, absolutely the best proposal to provide retirement protection for the elderly. It is because employees will have the freedom to choose between privately-run and publicly-run provident fund. The co-existence of two kinds of provident funds can stimulate the market, encourage competition and yield higher rates of return on investment. Besides, the Government will not be required to bear any financial risk. The Government also admitted that such a mixed proposal is apt to alleviate the drawbacks of compulsory savings schemes in general, but criticized the requirement to set up two different administrative frameworks. Mr President, I

believe that there is no rose without thorns and I am sure this is a price worthy of paying. Apart from political considerations, I do not think that there will be any person who can find fault with the mixed proposal from an economic point of view. From what I have learned, members of other parties in this Council also have misgivings about the Government's proposal. If we know well before hand that the scheme is impracticable but still put it in force, especially when the entire economy will be bound to take up a heavy burden, I am afraid this is hardly a responsible move to make.

Mr President, the complications over the issue of retirement protection for the elderly today are mainly brought about by the Government's persistent rejection of the views of the people and its refusal to co-operate with the Legislative Council. The Government is now using the people of Hong Kong as its political stakes and politicizing issues of people's livelihood. To the 6 million people of the community, this is a sheer misfortune, but we will not support such an irresponsible move. Moreover, I hope the Government will abide by good advice and reconsider our proposal.

Mr President, with these remarks, I support the Honourable James TIEN's amendment.

MR ALFRED TSO (in Cantonese): Mr President, "To have someone to depend on in youth; and to have support from someone in old age" has long been the traditional thinking of of the Chinese. I think Members in this Council will understand and treasure this idea. But with the gradual change of social concept and the increase in pressure on life, more and more old people have to live alone and continue to work even after retirement in order to maintain their later years.

Our priority in the coming years is to provide more services and care for the elderly. The Government should on the one hand intensify the promotion of family attachment and the concept of children taking care of their parents, and on the other hand, it needs to provide more welfare and retirement benefits to the elderly so as to perfect our social system.

Many people have expressed their concern and opinions on the Old Age Pension Scheme (OPS) during the consultation period. As reported by the media, most of the people agreed that care for the elderly should be immediately improved and a pension scheme should be established despite their heated arguments on the major principles of whether it is a matter of welfare or protection given to the elderly.

During consultation, the Government has changed its usual attitude of staying neutral and being objective, instead it has adopted a lofty stance in promoting its scheme and has anxiously refuted all other suggestions, in order to lead the people (especially the elderly) to accept the scheme, rather than

reviewing and improving the scheme after gathering opinions and suggestions. I am very dissatisfied with this.

Mr President, the Government has been very actively promoting the scheme, causing people from all walks of life to strongly criticizing it because there are many inadequacies in the Scheme. Many people even think that it will create a very heavy burden to the taxpayers and to the society.

To make the scheme a success, various leading political parties have requested contribution from the Government. Government's contribution, in fact comes from part of its revenue. I agree that the Government should allocate some of its revenue to implement the policy of care for the elderly. I have recently talked to some symbolic business figures in Hong Kong about this issue. They have all indicated that they will support it if taxation is being used to support the living expenses of the retired old people. They will also support even an increase in profits tax if more and more elderly could be taken care of. However, they do not agree with the existing arrangements as proposed by the Government in the scheme because it will involve huge sums of recurrent expenses.

Mr President, I think the most sensible way is to separately handle welfare services and retirement protection Scheme for the elderly. The Government should immediately revise the existing Public Assistance for the elderly so that the needy old people can receive more extensive care. Meanwhile, the Government should also formulate a retirement protection scheme.

To be diligently at work, to live by one's own efforts and to put up for a rainy day are the traditional virtues of the Chinese people. If an old man has got his own savings and relatives who can take care of him, he will not ask the Government and the taxpayers for retirement benefits. But the Government will be duty-bound to provide him with assistance if he has no savings or relatives to look after him. The existing old age allowance is too small an amount for the elderly to make a secured living. Besides, the assessment and approval procedures are too harsh which discourage people from applying. Therefore, the Government should adopt a more lenient standard and raise the amount to \$2,300 or above so that those elderly who are earning very little and have very little savings can enjoy these benefits.

In this way, the elderly who are really in need would receive benefits while those who can support themselves or who have already got other retirement benefits would not. This will be much fairer and the burden will be greatly reduced.

Some people may argue that if there are limitations on their incomes and assets, those elderly people who have contributed to society when they were young will be exploited and they will not be able to get reciprocation. It is wrong to say so. I have every respect for elderly people who have contributed their youth and energy to the society. If they need financial support, I believe

the young taxpayers and the industrial and commercial sectors will be very pleased to pay more tax to support them. But if the OPS were abused, the taxpayers would be shouldering a big burden in the end. Please think about this. Is it fair for a retired old man who owns millions or even tens of millions of money to get a pension of \$2,300 each month as of right from the working class? If it is a right for even the very rich people to get a pension of \$2,300 a month, do you think they will give up their rights? Is this a reasonable distribution of resources for the society?

Mr President, a sound social system should include a good retirement protection scheme. But the current scheme proposed by the Government is not a protection scheme. Whilst improving the above-mentioned public assistance for the poor old people, the Government should not cheat itself any more. The Government should make up its mind to set up a mandatory retirement protection scheme instead of misleading the public to think that old age allowance means retirement protection.

In fact, people from all walks of life have agreed to the setting up of a compulsory contributory retirement protection scheme. Their views differ only as to whether it should be managed and guaranteed by the Government. Had there been no arguments and had the Government been forced to guarantee at the beginning, this Council would have been discussing the details of the legislation today and the scheme could have been implemented shortly.

I find that the aims of Mr TAM Yiu-chung's motion are consistent with those in the amendments of Mr James TIEN and Mr LAU Chin-shek, only that the motion itself is more tolerant and flexible while the two amendments state more clearly their requests to urge the Government to take up greater financial commitment for the improvement of welfare for the elderly. In their speeches on the mandatory retirement scheme, Members have all stated the need and urgency for such scheme and there is no conflict in their arguments. So I will vote for both the original motion and the amendments.

These are my remarks.

THE PRESIDENT'S DEPUTY, MRS ELSIE TU, took the Chair.

MR ANDREW WONG (in Cantonese): Madam Deputy, I originally intended to ask for your permission to speak for a few more minutes because I am not affiliated to any political party, but I find this not very appropriate after all. Therefore, I have decided to skip a few pages. First of all, I must criticize the Government for not explaining clearly the concept of the "Old Age Pension Scheme" (OPS) when it introduced the scheme to the public. When promoting the scheme, the Government has aroused both misunderstanding and criticisms from some strata of the community. This is totally the fault of the Government. If the support for this scheme diminished as a result of this, the Government

should be held largely responsible. Let me first reiterate that the so-called "contributions" under the OPS is exceedingly misleading because the contribution is actually in itself a kind of hypothecated tax. One of the strongest dissenting voices in the community is the criticism that the so-called "contributions" in the OPS are not, in any way, linked to the "monthly return" of \$2,300. It is true to say that the contribution is in fact not a kind of contribution because you cannot take back the same amount of money that you have put in. Therefore, it is in essence a kind of tax. Why has not the Government frankly explained the nature of the scheme to the public? Is it because the policy makers themselves are confused about this basic concept? Or is it because the Government is deliberately messing the issue up and arousing disputes?

Maybe the industrial and commercial sector will panic whenever the term "tax" is mentioned and, therefore, they, object to the plan by instinct. However, one of the advantages of this form of tax is that it operates as a "designated fund" which can render this "pay-as-you-go" scheme very highly transparent, and the income and expenditure balance of the fund are very clear. Therefore, we can always be aware of whether the community can afford to have the scheme and contingency arrangements can be made when a crisis occurs, although there is little chance for it to happen. This transparency and checks and balances are not found in general revenue and expenditure. The industrial and commercial sector and those who oppose the scheme are in fact over-sensitive. In addition, we can be more readily prepared to accept the scheme if we regard the "contribution" as some kind of reward or provision given by the whole community to those who have dedicated their entire life to the economy of Hong Kong, we will then be complacent with everything. Therefore, the OPS should be renamed the "Respect for the Elderly Scheme" or the "Payment to the Elderly Scheme" or the "Pension for the Elderly Scheme".

This "Pension for the Elderly Scheme" cannot guarantee that everybody will live in plenty. Therefore, we support the launch of a mandatory pension scheme, but this could be the next step. As to whether the scheme should be centrally operated, we may leave it for discussion at a later stage. The opponents to this scheme often say that the Government has not clarified the various assumptions. Obviously, if their calculations are different from the precise calculations undertaken by the consultancy employed by the Government, it must be because the two have used different sets of assumptions. If we hold that the Government's assumptions are wrong and the economy will take a downturn, then no matter whether the Government adopts the OPS or any other schemes, any improvement in elderly welfare will make the Government unable to make ends meet. I would like to take this opportunity to raise a few points which I have just heard that make me feel flabbergasted. A hypothecated tax may be regarded as a payroll tax. With the contribution rates of both employers and employees fixed at 1.5%, the employers have to pay this 1.5% whether or not they make a profit. The same applies to the employees who are also required to give out 1.5% of their income. This is a taxation system which is neither progressive nor regressive but is proportional and it is the fairest

taxation system. Most opponents to this scheme would argue that, as Mr Alfred TSO has put it, it seems quite unfair for those who become very rich to get \$2,300 a month when they grow old. Probably he is against the scheme simply because he does not want to contribute 1.5% of his income right now to support the livelihood of those of the earlier generation. So to put it bluntly, such argument is not worth a penny.

I am also dumbfounded when the point about poll tax is raised. Just now, my most respectable Madam Deputy as well as Mr Eric LI and Dr LEUNG Che-hung have referred to poll tax. When poll tax is introduced in the United Kingdom, everyone is bound to pay the same amount of tax, regardless of whether they are rich or poor, whether they reside in a spacious house or cram in a small apartment, on the ground that they also use the same public facilities. This is a regressive taxation system. However, under the present OPS, the 1.5% tax payable is calculated on the basis of one's income.

Lastly, another point to be refuted is that as a number of Members have mentioned, a point mentioned in the Wyatt Report has been omitted in the Government's consultation document, that is, the prospective pressure will cast heavy burden on everybody in the future. What will you do if you are worried about something and are not capable of remedying the situation? For example, if we are worried that our children might demand too much from us, will we then come to the decision of not having children? Therefore, it is plainly an unsound argument which apparently does not warrant a refute.

I would put forward some substantive proposals for the Government's consideration.

Firstly, the Government agrees that the proposed contribution rate of 1.5% by employers is tax-deductible because it is deemed as "operating cost". However, as is suggested in the consultation paper, the 1.5% contribution by employees is not allowed to be exempted from taxation. This is inappropriate because it is actually levying tax on the employees twice. I propose that the employees' contribution should also be made tax-deductible.

Secondly, the pension benefits should be pegged to on a certain percentage of the median wages, say 30%, instead of on to inflation rates as proposed. The percentage should be somewhere around one-third of the median wage. When the economic situation of society fluctuates which I hope would not be drastic and lasting, and the income and expenditure of the designated fund can no longer maintain a balance, the Government should then be committed to pay the amounts at 33% of the median wage.

Thirdly, all administrative costs of the scheme should be borne by the Government. These costs should be made up for by the revenue from general taxes instead of funded by contributions from employers and employees as proposed in the consultation document. Therefore, commitment of the

Government under the second and the third proposals should be suggested as the Government's financial commitment.

Lastly, some people are worried about the hidden problems in the future. In view of this, we may consider the possibility of providing a "sunset provision" as a solution. When enacting laws, we can provide that the scheme should operate for 10 or 15 years, and upon expiry of the period, the policy may continue to be implemented by the adoption of a resolution or by the enactment of another ordinance or by employing some other better and more innovative means to replace the existing legislation, so as to discharge the community's duty of showing respect to and supporting the elderly.

Madam Deputy, if we can give up our prejudices and examine our conscience, we will admit that most senior citizens are encountering the extremely serious problem of lacking in protection for their livelihood. This is a very urgent issue pressing for solutions. I urge all Members to reach a consensus on the guiding principle as soon as possible and to make conscientious choices. Let us stop quibbling over the technical details and join hands in urging the Government to accelerate its legislative work and implement this scheme.

Madam Deputy, I support Mr TAM Yiu-chung's motion.

MR HOWARD YOUNG (in Cantonese): Madam Deputy, the Liberal Party thinks that our community is able to take up greater responsibility with regard to the caring of the elderly. Our present economic development assures us of our ability to do so. The Liberal Party thinks that the Government should do more in this respect than what it is doing now. However, the Liberal Party is of the view that the Old Age Pension Scheme (OPS) which is now being promoted and put forward for consultation by the Government is not equitable and comprehensive enough. Please have a look at the posters on the streets and the MTR stations. On the one hand, the Government is carrying out a public consultation exercise, but on the other hand, it is in fact promoting its own idea. The scheme is often being criticized as having confused social welfare with retirement protection. The impression one gets from this publicity campaign is just like the impression one got from the campaign to promote the district board election when the Government said that if the public had any wishes, they should register as voters. The result was the perfunctory and sloppy creation of 9 newly-added functional constituencies. As regards this case, although the Government claims that it is a consultation exercise, it is in fact promoting its OPS.

I would like to point out some in the flaws of the scheme. First of all, the Government claims that the contribution rate will consistently be kept at 3%. If I were to put it mildly, this is a miscalculation; and if I put it strongly, it is misleading the public. I think the Government has made some impractical projections in arriving at this constant low contribution rate. First, the

Government thinks that the number of persons per family in Hong Kong will increase from the present 1.36 to 2.1. We cannot see any valid grounds of argument which shows that this will be the case. Second, the issue that worries us most is that the Government says the benefits of \$2,300 will be increased according to inflation only but not the growth in median wage or GNP, and by so doing, the contribution rate can consistently be kept at 3% on a long term basis.

Madam Deputy, today many Members, no matter they agree to the Government's scheme or not, have pointed out in their speeches that it is a wishful thinking of the Government to have the pension being increased according to inflation only. If \$2,300 is approximately to 20% of today's average wage, then it will only be less than 10% of the average wage 30 years later. For example, 25 years ago, a limited amount of old age allowance or welfare benefit was given to an elderly to allow him to maintain a low standard of living. He could not enjoy watching colour television or riding on the MTR, and he had to take a tram when he went out because it was cheaper. Can we do the same today? People's living standard has indeed been improved and people, including the elderly, have more demands. Therefore, I think if we merely link the adjustment in pension payment to inflation, it will become infeasible in the long run due to many reasons, including political pressure. The contribution rate is bound to increase. In Britain, the contribution rate was initially set at 2% a few decades ago, and it is now 11.2%, a five-fold increase.

Secondly, I feel that scheme proposed by the Hong Kong Government is running against the concept of working harder and earning more, family attachment and the tradition that we must try our best to work hard in order to save for the future.

Moreover, the Government's scheme is not a provident fund in nature. I think if we adopt a provident fund scheme, we would have a huge amount of capital. No matter it is centrally or privately-run, the capital will be used to invest in the community. If we implement the Government's scheme, but we are unable to guarantee that the contribution rate will be kept at 3% consistently, can we convince the employers of over two-thirds of employees who are not entitled to a provident fund to implement a provident fund scheme? I think this is impossible because the employers will find that it is a heavy burden if they have to make the 10% contribution to the provident fund on top of the 3% contribution to the OPS.

The Liberal Party believes that both the retirement protection and social welfare issues should be addressed, therefore, it published a report entitled "A Two-Pronged Proposal" which ensures that the elderly are provided for. The Liberal Party advocates that the Comprehensive Social Security Assistance payment should be raised to \$2,300 at once and contribution is not required. At the same time, a provident fund scheme should be set up in the long run. We prefer a mandatory provident fund scheme, but we do not resist a central provident fund scheme. This is the only way that we can provide

comprehensive security for the elderly and enable them to lead a happy life in their remaining years.

DR YEUNG SUM (in Cantonese): Thank you, Madam Deputy. Basically, debates relating to the Old Age Pension Scheme (OPS) are closely related to ideologies. People holding different ideological values very naturally have different opinions on OPS. Those who believe in the *laissez-faire* school would regard the OPS as something which is a waste of social resources and is undesirable. This line of thought is founded upon the belief in *laissez-faire*. Followers of the *laissez-faire* school think that government should intervene as little as possible or that government should do as little as possible in regulation or control, and that the free operation of the market should be protected. They think that retirement is a personal responsibility which has nothing to do with the general public. Regarding social welfare, these followers think that only the extremely poor and the most needy need to be taken care of. In other words, to these followers, social welfare is a selective, not a community-wide, welfare.

Madam Deputy, because of their beliefs, followers of *laissez-faire* naturally object vigorously to the OPS proposed by the Government. Therefore, objections raised by more than 70 economists, who are basically followers of *laissez-faire*, came as no surprise.

Madam Deputy, the Democratic Party in principle supports the OPS proposed by the Government. The main reasons are:

Firstly, the Scheme utilizes contributions by young employees to cater for the needs of the elderly through funds raised by the community. Since the number of young employees takes up a higher proportion of the population than that of the elderly, this means of cross-generation contributions from the younger generation is a more progressive means of raising funds.

Secondly, the launching of the OPS through funds raised by the community may immediately provide basic care to more than 600 000 old people and secure a dignified life for these old people. Many members has talked of securing a dignified life for our senior citizens, but when it comes to putting into practice what they preach, they have a number of excuses not to act.

Thirdly, this method of raising funds will not trigger off a big increase in tax for having to give whole-hearted support to the caring of the aged. Many members are worried about having to pay taxes for the above purpose. They object to the raising of funds by the community but they still want to take care of the elderly. I guess taxation in the future must be very high.

Fourthly, social planning indeed has to be directed towards social needs. Social security is a more progressive way of distributing social resources than provident fund. Therefore, it is in principle worth supporting the establishment of an old age pension.

Madam Deputy, some members think that, once implemented, the OPS would be very difficult to cancel and so it is better not to implement such scheme. However, we should consider the benefits of the Scheme rather than restraining ourselves by worrying too much about the future. You may recall that when the Government established Public Assistance in 1971 and Old Age Allowance in 1973, we had to face such problems as continual increase in the number of applicants and in the amount involved all the same. If the Government at that time rejected these proposals in the light of the above problems, how much assistance today, 20 years from then, would we be giving to people who, with the public assistance and old age allowance they are getting, are living at subsistence level.

There are again some Members who are worried that the OPS would upset the good tradition in Chinese culture as families would stop taking care of their elderly. Madam Deputy, my research into the problems of caring for the aged tells me that many Hong Kong families, especially women, are in fact facing great problems in taking care of the aged. Many cases of abuse of the elderly by their family members can be traced to financial causes. If the OPS is implemented, the elderly can be guaranteed of basic livelihood protection after retirement. This, I believe, is beneficial to their confidence, self-respect and relationships with their family members.

Madam Deputy, I opine that old age pension and central provident fund are complementary to each other and may be launched side by side. While the former may secure basic livelihood protection for the elderly now, the latter may provide retirement protection for employees.

The Democratic Party will propose a Private Member's bill in respect of a central provident fund to follow up the matter. As the Democratic Party has put forward a number of suggestions relating to the various aspects of the OPS that need improvement, I will not repeat them here.

With these remarks, I support the Honourable LAU Chin-shek's amendment motion.

SECRETARY FOR HEALTH AND WELFARE: Madam Deputy, as a caring and responsible Government, we are fully aware of the challenges ahead of us as our population ages. Very positive steps are being taken to improve our welfare system for our elderly citizens and significant financial resources will be injected to improve our services for them.

We have achieved good progress in implementing the key targets laid down in the White Paper and will continue to work vigorously to meet the remaining targets on schedule. We have already a good foundation of services for the care of our elderly population. In 1994-95, we will be spending \$6.8 billion on services for elderly people. Not too long ago, new legislation to improve safety standards and care for old people living in residential homes for

the elderly was passed by this Council. When the legislation comes into force in 1995, the safety and care of more than 17 000 elderly people living in these homes will be greatly enhanced.

Apart from the on-going programmes, we are making every effort to ensure that our welfare system is able to meet the demographic challenges that we are going to face. The Government's goal is to improve the quality of life of our elderly citizens so that they can enjoy a comfortable and dignified old age. That is why the Working Party on Care for the Elderly was appointed by the Governor to conduct a comprehensive review on existing policies and services for elderly people. In my Policy Commitments which was published last month, I undertook to implement in full all 71 recommendations of the Working Party. This means that we will be spending a total of \$535 million in recurrent expenditure between 1995 and 2000 and another \$327 million in capital costs in improving services for our elderly.

To provide better support for older persons and the families so as to allow them to grow old in their home environment with minimum disruption, community support services will be improved. For those who can no longer be cared for at home, a full range of residential care services will be provided to improve the continuum of institutional care.

There have been repeated calls from Members of this Council for the standard rate for the elderly under the Comprehensive Social Security Assistance (CSSA) Scheme to be increased to \$2,300. The CSSA Scheme is an integral part of our social welfare system for the vulnerable and disadvantaged. The cash assistance provided under the Scheme should not be seen in isolation. It is an integral part of the "safety net" we have put in place for those who are financially vulnerable. For our CSSA clients, this "safety net" covers a comprehensive range of social services including cash assistance, free medical care, compassionate rehousing and other free programmes organized by the Government and non-governmental organizations.

There is a popular misconception that the standard rate is all that a CSSA client can get. The fact is that CSSA payment comprises not only the standard rate but also special grants, long-term supplement and disregarded earnings to meet the basic and special needs of our clients.

A wide variety of grants is in fact available to elderly clients to defray their special needs. Let me give you some examples. They include, for example, rent allowance, rent deposit, water charge allowance, special diet allowance, telephone installation fee, telephone charge allowance, costs of dental treatment, glasses, rehabilitation and medical appliances, deposits for water, gas and electricity, and in the case of elderly people with hearing impairment, expenses on fax machines.

For elderly clients who have received CSSA for not less than 12 months, they will also receive an annual long-term supplement to help them replace

household wares and durable goods. For those clients who are working, their earnings from employment are disregarded up to \$835 a month. The amount of disregarded earnings will be raised to \$1,115 per month by next April.

The CSSA payment for an elderly client now amounts to an average of \$2,400 a month. As our CSSA Scheme is tailored to the individual client's circumstances based on needs, the more needs there are, the more our clients will get. So, for example, this average payment is \$2,690 a month for those who are disabled and \$4,220 a month for those who are in need of care and attendance.

Our CSSA Scheme has developed over more than two decades. It has evolved from providing for basic subsistence to a scheme which meets not only the needs of the average client but also the special circumstances of individuals as well. We recognize that a system which provides special grants to individuals is, by its very nature, often difficult for both the recipient and the general public to understand. Many problems faced by our clients arise from the lack of knowledge about their entitlements.

Out of the 74 000 elderly persons who are on CSSA, about 21 000 are receiving institutional care with their needs being looked after by the institutions concerned. We need to ensure that elderly CSSA recipients living in the community are fully aware of their entitlements to special grants. We have stepped up publicity on the Scheme to help recipients understand their rights and entitlements. A handbook on the rights of CSSA recipients has been produced by the Social Welfare Department. It sets out in detail the rights of a CSSA recipient, including the types and levels of grants which he/she is entitled under the Scheme, the complaint/appeal procedures and other pertinent information. The handbook was published in June 1994 and was made available to all CSSA recipients, non-governmental organizations, concern groups, district boards and the media. In addition, an audio tape and a video tape are being played interchangeably at the reception areas of all social security units to publicize the assistance available.

As Members are aware, I have embarked on a special exercise to review our social security arrangements to assess how well they are meeting the needs of our clients. Together with the Social Welfare Advisory Committee, we are now looking into the feasibility of simplifying the administration of special grants to better serve the needs of our clients. We will also review our staff training and customer service with a view to improving our services. To help us target improvements to our CSSA, we are getting more statistical information on the spending pattern of different types of households including those on CSSA through the 1994-95 Household Expenditure Survey. Improvement to the Scheme is an on-going process which will continue.

In conclusion, I would like to assure this Council that the Government is committed to promoting the well-being of our elderly citizens. It is enshrined in my Policy Commitments to this Council and to the community.

THE PRESIDENT resumed the Chair.

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, I should like first of all to begin by thanking all the 29 Members who have spoken in the debate this afternoon. The Government attaches great importance to your views. The points you have made will be considered very carefully as we assess the more than 6 000 written submissions which have been received in response to the Consultation Paper over the past three and a half months.

The sheer volume of these submissions indicates the importance with which all sectors of the community view the proposed Old Age Pension Scheme (OPS). Old age affects us all eventually, so it is not surprising that so many members of our community have taken the trouble to comment on our proposals. Let me assure this Council that these submissions will be considered with great care and with an open mind. We have pledged in this Council that the Government would implement the Scheme subject to, among other things, endorsement by the community of our proposals. We shall honour this pledge.

The assessment and analysis of these submissions has just begun, so it would be premature for me to reach any conclusions at this stage. But I would like to use this opportunity to dispel a number of misconceptions raised both during the consultation period and in this debate.

#### *Common misconceptions*

First, contrary to the criticism deployed by some opponents to the Scheme, we have not confused retirement protection with social welfare. What we are talking about is the provision of income security for those eligible elderly by the time they or their spouses have lost their earning capacity due to old age. The proposed OPS is a form of social insurance whereby the community collectively provide for income security for their elderly through contributions.

For the economically active members of the community, they secure a degree of income security at old age by making a modest contribution. For the other members of the community who have not participated in the workforce, due often to the need to look after their families, they deserve no less security than their working counterparts. The fact that they have worked in the kitchens and family rooms instead of in the employment market should not discriminate them from being treated as full members of our community, deserving the same degree of care and support when they become financially vulnerable due to old age.

Second, the proposed OPS does not just target those elderly members of our community who are living in poverty. These are already being assisted adequately under the Comprehensive Social Security Assistance Scheme as mentioned just now by my colleague. The proposed Scheme aims to benefit a

much larger group of elderly people, many of whom, while not entirely without means, constantly face financial difficulties and run the risk of slipping into poverty in time, given their meagre savings and very often marginal income support from their families. This is a group whose needs should not be ignored by a caring and increasingly affluent society like ours.

Third, it is not fair to condemn the proposed Scheme, as some have done, on the grounds that it would destroy the traditional Chinese value of a family looking after its elderly members. In an age of small nuclear families and increasing longevity, we have to accept that there will be an ever larger number of elderly people who for one reason or another cannot be cared for adequately by their families. The modest pension provision we are proposing should help our senior citizens to live in less fear of falling into poverty and to lead a more dignified life with more independent means. Experience elsewhere has indicated that this tends to reduce friction within families and foster better relationships among members.

I now turn to some of the specific points raised in this debate.

#### *Financial responsibility*

Members have called upon the Government to assume greater financial responsibility for the proposed Scheme, either by contributing a fixed percentage of the overall cost of the proposed Scheme, or by increasing the size of the proposed capital injection. I believe it is fair to say that the proposed government contribution is quite generous. We will be providing a substantial capital injection of \$10 billion as a start-up fund for the Scheme. This will allow immediate payment of pensions to those eligible, and acts as a cushion against adverse economic circumstances in the future.

On the recurrent side, we will be contributing all the funds that would have financed the Normal and Higher Old Age Allowances, and the standard rate of payment under the Comprehensive Social Security Assistance Scheme for persons aged 65 or above. This amounts to some \$3.6 billion this year, rising to \$15.4 billion, at 1994 prices, by the year 2056. The Government will also contribute as an employer. This contribution will amount to about \$1.2 billion this year, going up to \$4.3 billion, at 1994 prices, by 2056.

Putting these commitments together, the Government will be contributing roughly one-third of the pension out-go. If we amortize the \$10 billion capital injection over the first 20 years, our contribution will amount to almost 40% of the pension out-go for the first two decades. This is already a substantial share of the pension commitment on the part of our taxpayers. To raise it beyond the proposed level would be unfair to taxpayers and would weaken the "iron-link" we seek to establish between pension out-go and contribution income.

*Financing pensions from General Revenue*

I am surprised at calls to finance the Scheme from General Revenue. This is often coupled with the assertion that the pension benefits could be met from budgetary surplus. Such an option, or indeed any other options which seek to finance major enhancements to income benefits for the elderly out of General Revenue, is simply not realistic. It should be clear that any such benefit payments must be funded through a stable income source on a sustained basis. To rely on there always being a surplus large enough to pay pensions or enhanced income benefits on a regular basis is unduly optimistic. If we were to follow this proposal, then the burden on our taxpayers would be very substantial indeed. Just to remind Members, to provide the level of benefits equal to that proposed in the Scheme would require an increase of at least four percentage points in both the standard rates of salaries and profits tax, if these are to be funded out of General Revenue.

*Affordability*

I cannot agree with those Members who say that the community cannot afford the proposed OPS, or that it will leave a heavy burden for those who come after us. The conscious decision to link pension increases to prices rather than to wages is meant to balance the need for a basic level of income security for the aged on the one hand, and what the community can afford on the other. It is not our intention to over-commit the community to a future benefit level which they may be unable or unwilling to afford. Thus the "iron-link" between contribution income and pension payouts will make it very difficult for arbitrary increases to be made to benefits without first obtaining the consent of some three million contributors. What we have suggested therefore is a very modest scheme. With total pension payment amounting to less than 1.5% of our GDP, it is hardly convincing that the Scheme would bankrupt our economy, as some Members have alleged.

*Information campaign on the OPS*

Some Members have criticized us for undertaking a proactive information campaign to call on public support for the Scheme. Let me assure Members once again that there is no question of bias on our part. I must also refute the allegation made by a Member that we have "misrepresented" some of the materials in the proposal. This is simply untrue. All materials including the Consultant's report have been made fully available to the public for scrutiny, in an open and objective manner. We have also listened attentively to all public views expressed during the period, whether they are for or against the Scheme.

But this proposed Scheme is a major social policy initiative. It is therefore necessary for the Administration to launch an information campaign to promote public awareness, focus public attention, call for views, and defend it against misconceived and biased criticisms. We have done well in these efforts

as independent polls have consistently indicated a high level of public awareness of the Scheme.

Members must appreciate that publicity campaigns by its nature conveyed through the electronic media and press announcements must necessarily have to be simple and to focus on the main theme of the Scheme, which is to provide a degree of income protection for eligible citizens at old age. But at the same time, we do convey the more detailed information on the Scheme to the public through the more than 170 press interviews, seminars, meetings and discussion forums that our staff have attended throughout the last three and a half months.

#### *Provident fund schemes*

I was disappointed to hear calls yet again for the establishment of a Central Provident Fund (CPF), either instead of or in addition to the OPS. There are, as we have said before many times, serious inadequacies with a CPF: it tends to yield poor returns and is not a cost-effective means of saving. It will not provide meaningful income protection to the bulk of the population — the present day elderly, the low-income earners, and housewives. It will also take a long long time to build up sufficient funds for retirement protection. We do not therefore consider the option worth pursuing.

But we do strongly encourage employers to set up company based occupational retirement schemes for their employees. We also continue to rely on the community to save for their future according to their own means. It is not the tradition of this hard working community to rely totally on the Government for income provision at old age. But that does not take away the strong argument and the community desire to see in place a degree of income support for our elderly citizens.

#### *Assets declaration*

Some Members have called for all pension benefits under the proposed Scheme to be means tested or subject to an assets declaration, irrespective of whether the beneficiary had contributed to the Scheme. I do not agree. This is a social insurance scheme, not a social welfare scheme. Those who have contributed to the Scheme for a substantial period ought to, as a matter of right in return for their obligation to contribute, be entitled to a pension when they reach eligibility age. I would, however, be prepared to review the assets declaration limit for non-contributors with an open mind.

#### *Scheme administration*

Some Members have called for the OPS to be run by government departments. There have also been suggestions that contribution collection should be government responsibility rather than employers. While we are prepared to consider suggestions about the way contributions should be

collected, we remain convinced that a non-civil service organization could operate the Scheme more cost-effectively.

*Consultation with the Chinese Government*

Many Members have commented on the need to consult the Chinese Government on the proposed Scheme. We are indeed committed to doing so. We are ready to provide the Chinese side with further information or briefings on the Scheme, and we look forward to discussions through the Sino-British Joint Liaison Group in the very near future.

*The way ahead*

Over the next few weeks our task force will analyze the submissions received, and propose alternative recommendations wherever appropriate. We will look at these submissions with an open mind. We hope to be able to make a decision on the way forward by the end of this year.

Mr President, the Government has pledged firmly to attach due importance to the views expressed by the public during this consultation period. We have also pledged a comprehensive programme to protect the health and welfare of our elderly in the Governor's policy address. A lot have been done and will be done in this direction. We have major reservations, however, on the motion's call for the Government, or our taxpayers, to assume even greater financial responsibility for the proposed OPS and for welfare services for the elderly, as what we have pledged is already significant. For this reservation, therefore, the Official Members are not able to support the motion in full. They will therefore abstain from voting on the motion and its amendments.

PRESIDENT: Mr James TIEN has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and circulated to Members. I propose to call on him to move his amendment now.

MR JAMES TIEN moved the following motion:

"To delete "the Old Age Pension Scheme and, at the same time, should attach due importance to the views expressed by the public during the consultation period in order to refine the scheme and take positive steps to improve" and substitute with "improving"; and to delete "before the scheme comes into operation" and substitute with", and should seriously consider the views expressed by the public on various retirement schemes, including the Old Age Pension Scheme"."

MR JAMES TIEN: Mr President, I move that Mr TAM Yiu-chung's motion be amended as set out in the Order Paper.

*Question on Mr James TIEN's amendment proposed.*

PRESIDENT: Mr TAM Yiu-chung, do you wish to speak?

MR TAM YIU-CHUNG: Yes, I wish to speak.

MR TAM YIU-CHUNG (in Cantonese): Mr President, first of all, I would like to express my gratitude to the 29 colleagues who have participated in the debate, including those who claimed that they would not be lending support to my motion.

The opinions over the Old Age Pension Scheme (OPS) are divided and this has been a prevalent phenomenon in the community during the consultation period, and there is of course no exception in this Council. I find today's debate different from the debates held in the past in that a peaceful and harmonious atmosphere prevails in the debate over such a controversial topic, without any over-politicized and accusatory dialogues. Therefore, I do not intend to strike a heavy counter-blow, and this is in fact not my style.

Among the members who have spoken, those who oppose my motion are extremely sceptical about the OPS. Initially, I also felt dubious about the scheme and a lot of discussions were held with the Government. So far, I still think that the OPS is not a perfect scheme and there is ample room for improvement. Some Members who are sceptical about the OPS worry that the scheme may result in a heavy burden on the economy because it is easy to implement a scheme but difficult to cast if off. I understand their viewpoint but it is not adequate to have worries only, I think they should do some real calculations or in-depth research. When I exchanged opinions with Mr LAM Woon-kwong on some earlier occasions, he repeatedly said in public that the Government would exercise extreme care with the scheme. He even made an analogy by saying that the Government was actually "crossing the river pebble by pebble" or "holding an umbrella and wearing a helmet when walking underneath a balcony". This analogizes the prudence of the Government and there will be protection even when it rains or when there are things falling down. However, some Members are still not convinced.

As I listened to the views of Members, I felt that some of them saw the OPS as stuffing money into the pockets of those who do not need help. As to who are the ones who do not need help, it is a question of how "need" is defined. Does it mean that only those who are now receiving the Comprehensive Social Security Assistance (CSSA) and living in extreme poverty need assistance? In Hong Kong, there are at present about 600 000 elderly

people who are above 65 years old. As to who are in need of help, maybe the Liberal Party would regard 120 000 out of the 600 000 as in need of help, while some other organizations may say that 150 000 out of the 600 000 should be classified as the needy. As estimated, the senior citizens who are now residing with their children or, though not receiving CSSA, those who have children who are not earning high salaries. If we really do some calculations, I believe almost 500 000 old people are in need of assistance and this is the right demarcation to be made. The rationale is that the present median monthly wage in Hong Kong is \$7,500, and about 1.5 million people are receiving salary at this level. Let us imagine a person earning \$7,500 a month giving \$2,300 a month to support his parents. Given his financial viability, it is indeed very hard for to support his parents.

Moreover, many Members expressed their reservations towards the retirement protection scheme which adopts the "Pay-as-you-go" (PAYG) method, remarking that no successful precedent is found anywhere else in the world or citing the United States as an example. I believe that there are basically two funding methods for a retirement protection scheme — the PAYG method and the savings method. There are of course pros and cons in every system, therefore the Democratic Alliance for the Betterment of Hong Kong (DAB) proposes to adopt both methods because people with differing needs can be taken care of. Hence, I do not think we should completely deny the acceptability of the PAYG method because there is successful experience in many countries in the world. Certainly, there are internal factors leading to unsuccessful implementation of the scheme or entailing problems but I conceive all along that the issue should not be over-simplified.

Mr President, the time limit for the delivery of my speech is almost due, I hope Members can reconsider my motion. Thank you, Mr President.

*Question on Mr James TIEN's amendment to Mr TAM Yiu-chung's motion put.*

*Voice votes taken.*

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mrs Elsie TU, Mr Vincent CHENG, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHIM Pui-chung, Dr LAM Kui-chun, Miss Emily LAU,

Mr Fred LI, Mr Steven POON, Mr Henry TANG, Dr Samuel WONG, Dr Philip WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Mr Roger LUK, Mr James TIEN and Mr Alfred TSO voted for the amendment.

Mr Martin LEE, Mr PANG Chun-hoi, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Jimmy McGREGOR, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Timothy HA, Mr Michael HO, Dr HUANG Chen-ya, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Eric LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Miss Christine LOH and Ms Anna WU voted against the amendment.

The Chief Secretary, the Attorney General and the Financial Secretary abstained.

THE PRESIDENT announced that there were 26 votes in favour of the amendment and 22 votes against it. He therefore declared that the amendment was carried.

PRESIDENT: Mr LAU Chin-shek, as Mr James TIEN's amendment has been agreed, your amendment cannot proceed in its present form. I understand that you do not wish to seek leave to alter the terms of your amendment. Is that correct?

MR LAU CHIN-SHEK: *Yes, Mr President.*

PRESIDENT: Mr TAM Yiu-chung, do you wish to reply as to the amended motion? You have two minutes and 29 seconds out of your original 15 minutes.

MR TAM YIU-CHUNG (in Cantonese): Mr President, I would like to speak for two more minutes. Judging from the voting result, it seems that Members are inclined to support Mr James TIEN's motion. On the face of it, the wording of Mr TIEN's motion seems to suggest that no specific conclusion has been reached or no specific attitude has been taken regarding the Old Age Pension Scheme (OPS). But Members' speeches reveal that they do hold negative views or major reservations on the OPS and these are very different from the direction of the original intent of my motion. Although my motion has now been negated, I still hope that the Government can seriously consider improving the OPS. I do not want to see any further delay on the issue of retirement protection.

Regarding the issue of public assistance just mentioned by the Secretary for Health and Welfare, the Government thinks that it has already done a

satisfactory job. However, Members and the public consider that the cash assistance is still inadequate. We hope that the Government can reconsider the issue of public assistance, particularly to further increase the amount of payments. Besides, I hope that the Government can improve the amount of old age pension so as to refine the OPS.

The Secretary for Education and Manpower just now expressed his disappointment with Members' repeated calls for the establishment of a central provident fund (CPF) and a mandatory provident fund. It seems to me that Government is completely against the CPF, but on the other hand it is asking the employers to take up the sole responsibility of running the scheme. It sounds the illogical to me. If the Government thinks that the CPF is so unsatisfactory, why is it asking the employers to take up the scheme themselves? Actually, the Government does not want to shoulder its own responsibility in regard to the CPF or the mandatory provident fund. I hope that the Government will figure out a comprehensive solution to the problem of retirement protection. Although in .....

*The digital timer showed 0229*

PRESIDENT: You have to stop according to Standing Orders.

*Question on Mr TAM Yiu-chung's motion as amended by Mr James TIEN put. Voice votes taken.*

THE PRESIDENT said he thought the "Ayes" had it.

DR YEUNG SUM: Division please.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: Are there any queries? If not, the result will now be displayed.

Mr Allen LEE, Mrs Selina CHOW, Mr Edward HO, Mr Ronald ARCULLI, Mr Martin BARROW, Mrs Peggy LAM, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mrs Elsie TU, Mr Vincent CHENG, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Miss Emily LAU, Mr Eric LI, Mr Steven POON, Mr Henry TANG, Dr Samuel WONG, Dr Philip

WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Miss Christine LOH, Mr Roger LUK, Ms Anna WU, Mr James TIEN and Mr Alfred TSO voted for the amended motion.

Mr PANG Chun-hoi, Mr TAM Yiu-chung and Mr Jimmy McGREGOR voted against the amended motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Martin LEE, Mr SZETO Wah, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Mr LAU Chin-shek, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin abstained.

THE PRESIDENT announced that there were 28 votes in favour of the amended motion and 3 votes against it. He therefore declared that the motion was carried.

#### **ADJOURNMENT AND NEXT SITTING**

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 16 November 1994.

*Adjourned accordingly at Eight o'clock.*

*Note:* The short titles of the Bills/motions listed in the Hansard, with the exception of the Old Age Pension Scheme, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

