

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 3 February 1993

The Council met at half-past Two o'clock

PRESENT

THE DEPUTY PRESIDENT

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

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.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.

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

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, 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.

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 ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, 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

THE HONOURABLE SIMON IP SIK-ON, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

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 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

ABSENT

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

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

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

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

IN ATTENDANCE

MR YEUNG KAI-YIN, C.B.E., J.P.

SECRETARY FOR THE TREASURY

THE HONOURABLE JOHN CHAN CHO-CHAK, L.V.O., O.B.E., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

MR ALISTAIR PETER ASPREY, O.B.E., A.E., J.P.

SECRETARY FOR SECURITY

MRS ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.
SECRETARY FOR HEALTH AND WELFARE

MR JAMES SO YIU-CHO, O.B.E., J.P.
SECRETARY FOR RECREATION AND CULTURE

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

MR ANTHONY GORDON EASON, J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

THE CLERK TO THE LEGISLATIVE COUNCIL
MR CLETUS LAU KWOK-HONG

Papers

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Public Order Curfew (Variation) Order 1993.....	13/93
Companies (Requirements for Documents) Regulation	14/93
Securities and Futures Commission (Transfer of Functions) Order.....	15/93
Securities and Futures Commission (Fees) (Amendment) Rules 1993.....	16/93
Crimes (Torture) Ordinance (11 of 1993) (Commencement) Notice 1993.....	17/93
Lands Tribunal Ordinance (Amendment of Schedule) Order 1993	18/93
Companies (Amendment) Ordinance 1992 (86 of 1992) (Commencement) Notice 1993.....	19/93
Securities and Futures Commission (Amendment) (No. 2) Ordinance 1992 (87 of 1992) (Commencement) Notice 1993.....	20/93
Pensions Modification Ordinance 1993 (3 of 1993) (Commencement) Notice 1993.....	21/93
Surviving Spouses' and Children's Pensions Ordinance (Cap. 79) (Appointed Day) Notice	22/93

Sessional Papers 1992-93

- No. 49 — Hong Kong Polytechnic Annual Report 1991-1992
with Balance Sheet at June 30, 1992 and Income and
Expenditure Account for the year ended on that date
- No. 50 — City Polytechnic of Hong Kong
Annual Report 1991-1992 with
Financial Report 1991-1992

- No. 51 — Urban Council Estimates of Revenue and Expenditure for the Financial Year 1993-94
- No. 52 — Hong Kong Baptist College Annual Report 1991-1992 with Statement of Accounts for the year ended 30 June 1992
- No. 53 — The Hong Kong Academy for Performing Arts Annual Report July 1991 to June 1992

DEPUTY PRESIDENT: Mrs Peggy LAM has given notice that she will not be able to attend this sitting and, in accordance with Standing Order 19(6) and at her request, Question No. 1 standing in her name will be asked by Dr LAM Kui-chun on her behalf.

Oral answers to questions

HIV infected students

1. DR LAM KUI-CHUN asked (in Cantonese): *Will the Government inform this Council if there are students aged below 16 being discriminated against and expelled from schools after they have contracted AIDS from medicine contaminated by the HIV during treatment for haemophilia; and if so, whether these students are provided with effective help so that they can continue to receive the necessary education and will not be kept idle at home; and what action has been taken against the schools which have adopted such discriminatory measures, so as to rectify such policies and decisions?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, schools must obtain the prior approval of the Director of Education in order to expel a pupil for any reason. No student aged below 16 has been formally expelled from school after having contracted AIDS during treatment for haemophilia. However, there has recently been one case where, in the wake of wide publicity, a school has been unwilling to take back an HIV infected student after a period of absence due to ill health, because of opposition from parents of other children at the school. The Education Department has made interim arrangements for the student to continue his education in a small group setting. The aim is to place him in an ordinary school as soon as practicable.

Provided that proper precautions are taken against blood-borne diseases (and the Education Department has issued detailed guidelines on this subject), the risk of transmitting the AIDS virus in the school environment is considered by the medical profession to be very low indeed. The Government's policy regarding HIV-positive students is therefore that they should be educated in the normal school setting as long as they are medically fit to do so. If a school

expels or refuses to take back an HIV-positive student who is considered suitable for normal schooling, the Director of Education has available, under the Code of Aid, the ultimate sanction of reducing or withdrawing any subsidy to that school. However, the wide publicity given to the particular case I just mentioned would result in the student being stigmatized if he were returned to his original school. Therefore, the Education Department has, with the full agreement of the parents concerned, adopted a pragmatic attitude and made alternative arrangements to continue the student's education. In the circumstances, it is considered inappropriate to contemplate any action against the school in question.

DR LAM KUI-CHUN (in Cantonese): *Mr Deputy President, the Secretary mentioned in the first paragraph of his answer that, in the wake of wide publicity, a school had been unwilling to take back a student after a period of absence due to ill health; but later on he said that that was due to opposition from parents of other children at the school. May I know which in fact was the cause that had kept the student away from school and who is responsible for meeting the costs of his present small group tutorial?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, according to our record, the student concerned was absent from school for some time because of ill health. The school was unwilling to take him back on the ground that there was opposition from parents of other children at the school. The Education Department has made arrangements for the student to continue his education. As for details as to who is responsible for meeting the costs, I believe it should be the Government. However, I am not absolutely sure about that. I will check and provide Dr LAM with a written reply. (Annex I)

DR CONRAD LAM (in Cantonese): *Mr Deputy President, the Secretary mentioned in his reply that there was opposition from parents of students. I would like to ask: In cases like this, can any student be kept away from school because of opposition from parents of other students? Besides, did the school or the Education Department provide education or guidance to these parents who have no knowledge of AIDS?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, this is special because of the particular circumstances of the case, and most important of all is the wide publicity given to it. Basically, the policy of the Education Department is that if a student is considered suitable for normal education by the medical profession, he should continue his education in the normal school setting. However, the case under discussion is exceptional because of its special circumstances.

As for education to parents, various efforts have been made by the Education Department. Apart from promoting a correct understanding of AIDS among schools and teachers, other publicity efforts include radio and television broadcasts and distribution of pamphlets so as to spread the message of AIDS prevention.

DR LEONG CHE-HUNG: *Mr Deputy President, as the question relates to children below the age of 16 having contracted AIDS from medicine contaminated by HIV during treatment for haemophilia, and as these unfortunate sufferers are victims of a disease beyond their own control, whilst not implying fault on the part of the agents or suppliers of these contaminated medicines, would the Administration consider extending to the victims some form of no-fault compensation?*

DEPUTY PRESIDENT: That is out of the ambit of the question, Dr LEONG.

MRS SELINA CHOW (in Cantonese): *Mr Deputy President, will the Administration inform this Council of the number of students who have unfortunately contracted AIDS? Does the Education Department have any mechanism in place to help students, parents and schools under such situation so that the students concerned can continue with their education?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, according to the record of the Department of Health, there are at present 15 HIV carriers who are aged 18 or below. Their identity however may not be revealed to us because if medical professionals consider a patient or an infected person is suitable for education in the normal school setting, they would not disclose the person's identity.

In fact, the Education Department has carried out a number of publicity and education programmes for students. Basically, we promote the understanding of AIDS among schools and teachers through provision of guidelines and teaching materials. But most important of all is to let everyone know the media of contracting AIDS and its prevention. We all know that the AIDS virus can be transmitted through various means like sexual contacts and blood transmission. The risk of being infected in the school environment is very low provided that the necessary precautions have been taken.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr Deputy President, when a student bleeds, the conventional method in school to stop bleeding is to use absorbent cotton. Would the Administration inform this Council if it intends to broadcast in the near future on television during prime hours to educate teachers, students and the public on the common-sense approach to deal with*

bleeding, the first step of which is to wear gloves before handling bleeding wounds so as to prevent contracting the AIDS virus through blood?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, the guidelines issued by the Education Department to schools have covered this. They further require schools to have plastic gloves in their first aid kit. I thank Mr CHEUNG for his suggestion about spreading the message further through television and other publicity means. We are only too happy to take this into account.

Holidays review

2. MR PANG CHUN-HOI asked (in Cantonese): *After a lapse of 10 years since the last review in 1982 on Hong Kong's holidays, will the Government inform this Council of the following:*

- (a) *when the next review will take place to ensure the smooth transition of our future holiday arrangements in 1997; and*
- (b) *whether the Government will, in view of the fact that 1 May is already designated as Labour Day by Mainland China, Taiwan and many other countries, and the fact that many local labour organizations have for some years been seeking to have that day declared as a labour holiday, conform to such public opinion and promptly designate 1 May as a labour holiday in Hong Kong; if so, when this will be put into effect; if not, what the reasons are?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, there are two sets of holidays in Hong Kong, namely: general holidays provided under the Holidays Ordinance, which consist of all Sundays and 17 weekdays a year; and statutory holidays provided under the Employment Ordinance, of which there are 11 days a year.

The Government recognizes that some changes will have to be made in future to our present holidays so as to reflect the change of sovereignty. Furthermore, since the holidays for any year need to be decided at least eight months before the beginning of that year so as to facilitate the preparation of diaries, timetables and so on, some advance planning and discussion will be necessary to ensure a smooth transition in 1997. As a first step in this process, the Administration is currently reviewing Hong Kong's holidays and considering:

- (a) first, which of our present holidays should be retained after 1997; and

(b) secondly, the need for additional or replacement holidays after 1997.

The review will include consideration of whether 1 May, being International Labour Day, should be designated as a holiday in Hong Kong and, if so, from which year onwards. Meanwhile, under existing arrangements, the 11 statutory holidays provided under the Employment Ordinance include two "floating holidays" which may be assigned by the employer to any dates he chooses. Thus, with the agreement of their employers, employees may take one of these "floating holidays" on 1 May if they so wish.

MR PANG CHUN-HOI (in Cantonese): *Mr Deputy President, I am glad to know that the Administration is conducting a review. May I know when this review will be completed and whether consideration will be given to designating 1 May as a holiday?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, we are still conducting the review to which I have referred. We believe that it should be completed within the year.

MR MARVIN CHEUNG: *Mr Deputy President, would the Government inform this Council what are the other steps involved in this review process?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, because this is a matter which is likely to involve the question of the transition across 1997, we expect that depending on the outcome of the review discussions with the Chinese side will be necessary.

MR TAM YIU-CHUNG (in Cantonese): *Mr Deputy President, I am very pleased to hear that the Government attaches importance to a smooth transition. What I would like to ask is: Would the Administration consider implementing the changes as early as next year if the review is completed this year?*

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, since the review has just started, I do not intend at the present stage to speculate on the outcome of the review or the timing of implementing the changes, if any, to our present holidays.

MR LAU CHIN-SHEK (in Cantonese): *Mr Deputy President, would the Secretary inform this Council whether this review will attempt to narrow the gap between the present 17 general holidays (commonly known as the "white-*

collar holidays") and the 11 statutory holidays (that is, the "blue-collar holidays"), and if not, why not?

SECRETARY FOR EDUCATION AND MANPOWER (in Cantonese): Mr Deputy President, we have yet to come to a conclusion on the present review. Furthermore, we do not have a preset objective, that is, whether or not to increase or reduce the number of our present holidays. However, we must consider very carefully its implications on our economy and other related areas.

The Governor's remuneration

MR FREDERICK FUNG (in Cantonese): *Mr Deputy President, before the meeting today, some Members jokingly asked me whether my question today concerning tax payment by the Governor was a move intended to "do him in while he is sick". I would like to clarify here that the notice of the question was given to the Administration more than a month ago, and it just happened that it was arranged to be raised today. In fact, on behalf of myself and, if I may, of this Council, I would wish the Governor an early recovery and I hope that he can lead the Hong Kong Government to resume negotiations with the Chinese side as soon as possible on the issues of constitutional package and the new airport, to the effect that a democratic system can smoothly cross over 1997. Mr Deputy President, my question is whether the Administration can inform this Council:*

(a) *whether the Governor is a member of the Hong Kong civil service;*

DEPUTY PRESIDENT: Mr FUNG, what was the point of your preamble as you are still asking your question? That was out of order. Will you please proceed with your question.

3. MR FREDERICK FUNG asked (in Cantonese): *Will the Government inform this Council:*

(a) *whether the Governor is a member of the Hong Kong Civil Service;*

(b) *of the form in which the Governor receives his remuneration from the public coffers of Hong Kong, that is, whether as salary, allowances or in any other form; and*

(c) *whether consideration has been given to imposing tax on the remuneration received by the Governor, and if not, why not?*

FINANCIAL SECRETARY: Mr Deputy President, the Governor is not a member of the Hong Kong Civil Service. He is appointed by the Queen under the Letters Patent as Her Majesty's representative in Hong Kong.

Like his predecessors, the present Governor receives a salary, which is fixed at 125% of that of the Chief Secretary, and a non-accountable entertainment allowance. The salary attracts the normal contract gratuity. The Governor is also eligible for a variety of benefits normally available to civil service employees on similar terms, including annual leave passages, education allowances and so forth, payable in cash or kind.

The Governor is exempt from salaries tax by virtue of section 8(2)(a) of the Inland Revenue Ordinance, enacted in 1947. Comparable exemptions apply to other Governors paid by dependent territories.

The Governor's terms and conditions of service, including the fact that his emoluments are tax-free, were set out in his formal letter of appointment. The Governor has made it clear, however, that once the forthcoming Memorandum on the Queen's tax position has been published, the Hong Kong Government should review it carefully to see if it has any implications for his own tax position under Hong Kong law.

MR FREDERICK FUNG (in Cantonese): *Mr Deputy President, Professor Peter WESLEY-SMITH of the Department of Law of the University of Hong Kong has said that whether the Governor should pay tax is purely a matter of the domestic law of Hong Kong. Secondly, when the Governor first came to Hong Kong for his inauguration, he ignored the colonial convention by not wearing the traditional costume. Thirdly, the Queen has announced that she is going to pay tax from April this year. In these circumstances, will the fact that the Governor is still considering his tax position give the impression that he is using delaying tactics or that he is unwilling to pay tax?*

DEPUTY PRESIDENT: It is a purely hypothetical question based on an opinion. The whole question is outside Standing Orders, Mr FUNG.

MR STEVEN POON: *Mr Deputy President, in the fourth paragraph of the answer it has been said that the letter of appointment states that this is a tax-free appointment. May I ask who signed the formal letter of appointment; whether it is the responsibility of this Council to judge if the Governor should pay tax by virtue of this Council's power to amend the Inland Revenue Ordinance; or whether it is outside the power of this Council because the Governor's appointment is an exercise of the royal prerogative by the Queen?*

FINANCIAL SECRETARY: Mr Deputy President, I have no idea, I am afraid, who signed the letter of appointment. I will attempt to find out for the honourable gentleman. Of course, the exemption stems initially from an extension of Crown privilege. That is the basis of the exemption, and the exemption is made effective by the provisions of the Inland Revenue Ordinance. I am afraid I cannot give a legal opinion on the powers of this Council to amend the Inland Revenue Ordinance either. But I would really just refer back to the fourth paragraph where I have already said that the Governor has asked that the Hong Kong Government should review carefully the position once we have the Memorandum on the Queen's tax position. So that is our position. (Annex II)

MR JAMES TO (in Cantonese): *Mr Deputy President, according to the third paragraph of the Secretary's reply, the Governor is exempt from salaries tax by virtue of the Inland Revenue Ordinance enacted in 1947, and it has henceforth been the law that the Governor is exempt from salaries tax. Can the Secretary inform this Council of the rationale of the exemption when the provision was introduced?*

FINANCIAL SECRETARY: Mr Deputy President, as I said earlier, the current exemption enjoyed by the Governor is an extension of Crown privilege which is made effective by the provisions of the Inland Revenue Ordinance. The Inland Revenue Ordinance was first enacted in 1947. It was actually, as a matter of interest, preceded by the War Revenue Ordinance which introduced the exemption in 1940.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr Deputy President, my question is: Since the main reply has mentioned that the Governor has made it clear that the Hong Kong Government should review his tax exemption only after the Memorandum on the Queen's tax position has been published, then if the result of the review is that "he should pay tax", all will be fine, but if the result is that "he should not pay tax", then what will be the next step? If the latter is the case, will the Legislative Council have the power to request him to pay tax, or should it be left to the British Government or the Hong Kong Government to decide whether he should pay tax?*

DEPUTY PRESIDENT: It is a purely hypothetical question, Mr CHEUNG.

MR CHIM PUI-CHUNG (in Cantonese): *Mr Deputy President, according to the information available, there have been continual renovations in the Government House since the Governor Mr Chris PATTEN assumed office. Is that within the scope of his allowances, and how much has so far been spent?*

DEPUTY PRESIDENT: It is not relevant to the question, Mr CHIM.

MR PETER WONG: *Mr Deputy President, will the review extend to the consular officials in Hong Kong because they also enjoy such tax exemption in respect of their consular emoluments?*

DEPUTY PRESIDENT: That is just marginally relevant, Mr WONG.

FINANCIAL SECRETARY: Mr Deputy President, no, it is not our intention to extend it to consular officials.

MR FREDERICK FUNG (in Cantonese): *Mr Deputy President, referring to the third paragraph of the main reply in which it was said that the provision was introduced in 1947, may I ask if the Governors had to pay tax before 1947?*

FINANCIAL SECRETARY: Mr Deputy President, as I said in answer to an earlier question, the furthest I can go back is to 1940 which was a preceding Ordinance called the War Revenue Ordinance. I am not aware what the position was before 1940. I will endeavour to find out and let the questioner know in writing. (Annex III)

Financial sponsorship for political organizations

4. MISS EMILY LAU asked (in Cantonese): *In view of public concern over financial sponsorship received by political organizations run or joined by Legislative Councillors, will the Government inform this Council:*

- (a) *whether the Government is aware of the details of the donations received by these political organizations; if so, whether such information will be made available to the public;*
- (b) *whether the Government will consider introducing legislation to require these political organizations to declare and disclose the source of their financial sponsorship and the particulars of their expenditure?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, other than two exceptions, there are at present no requirement for political organizations to disclose to the Government details of donations received. The exceptions are:

- (a) Any political organization registered under the Companies Ordinance as a public company is under a statutory requirement to file with the Registrar of Companies each year audited income and expenditure accounts. These are open to public inspection at the Companies Registry.
- (b) Any political organization which is permitted by the Secretary for Home Affairs under the Summary Offences Ordinance to raise funds for non-charitable purposes in public places is required to submit its audited accounts, which are made available for public inspection.

The Government does not have any plan to introduce legislation to require political organizations generally to disclose the source of their financial sponsorship and the particulars of their expenditures.

MISS EMILY LAU (in Cantonese): *Mr Deputy President, the Administration has mentioned in its reply that it is not aware of the details of the donations received by political organizations, and that it does not have any plan to introduce legislation in this respect. In the circumstances, political organizations may then accept substantial contributions from local or overseas political organizations or the business sector and do not have to disclose such sponsorship; does the Administration find this acceptable?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I do not wish to enter into a moral judgment as to the acceptance or otherwise of political contributions. But I think it is a fact that in developed democracies, including the United Kingdom, there is no need for political parties to disclose or to account for donations received.

MR LEE WING-TAT (in Cantonese): *Mr Deputy President, I refer to paragraph (b) of the Administration's reply where it says that under the Summary Offences Ordinance, the Secretary for Home Affairs may permit political organizations to raise funds for non-charitable purposes in public places. Has the Secretary for Constitutional Affairs turned down applications from political organizations for fund-raising in public places in the past two years? If yes, would that undermine the development of political organizations? Has the Administration considered introducing legislation to allow political organizations to raise funds in public places?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, as there is no legal definition for political organizations, it is not possible for me to give separate figures for these organizations. Overall, the Administration has to date received seven applications for permits under the Summary Offences

Ordinance to raise funds for non-charitable purposes. Three were from mutual aid committees applying to raise funds within the premises of the public housing estates. Their applications were accordingly referred to the respective authority, that is, the Housing Authority or Housing Society as the case may be. Of the four remaining applications, two were rejected, because in one case the applicant failed to submit further information for the Administration's consideration, and in the other case because the applicant sought to raise funds in the streets instead of confined public places. The two successful applicants have already submitted to the Administration certified copies of the audited accounts of the monies collected. And as for whether the restriction placed on political donations in public places constitutes a restriction on political activities, I would submit, Mr Deputy President, that in addition to raising funds in public places there is a wide variety of other outlets which exist, for example, in shopping arcades, hotels, and through direct mailing and other methods. I am sure Members are far more familiar with these than I am.

MR LEE WING-TAT: *A follow-up*

DEPUTY PRESIDENT: Well, you are really asking a supplementary question, Mr LEE, but go ahead.

MR LEE WING-TAT (in Cantonese): *Mr Deputy President, I would like the Secretary to clarify one point. In his reply he said that one application had been rejected because it sought to raise funds in the streets instead of confirmed public places. May I know if the term "public places" mentioned in the reply when referring to public organizations that are "permitted to raise fundsin public places" is ambiguous in meaning?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, there are public places in which fund-raising for a specific non-charitable purpose is allowed, and these places would include public stadia and other confined places, in other words, not in the very crowded streets of Hong Kong.

MR MARVIN CHEUNG: *Mr Deputy President, will the Government inform this Council what are the precise requirements for the disclosure of information concerning details of donations in audited accounts referred to in the Secretary's reply and whether these requirements have the backing of law?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I do not have the details to enable me to give a full reply to the questions and I shall research into that and provide a written reply. (Annex IV)

MR JIMMY MCGREGOR: *Mr Deputy President, I am very glad to hear the answer in the second paragraph of the Secretary's reply to the original question. But in the meantime, how does the Government determine whether an organization is political or not? And cannot any organization declare donations under an audit heading which need not identify the donor or, hopefully, all the donors?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I think Mr MCGREGOR points out a real dilemma for the Secretary for Home Affairs when he has to consider requests for such permits. And it is difficult for me to answer on his behalf, but I think the best answer is to try and interpret the word in its ordinary meaning.

DEPUTY PRESIDENT: A supplementary, Mr MCGREGOR?

MR JIMMY MCGREGOR: *Yes, Mr Deputy President. May I ask what the ordinary meaning is?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I think the ordinary meaning is that these are political parties with an aim of running for elections to one of the three tiers of government.

DR LEONG CHE-HUNG: *Mr Deputy President, will the Administration inform this Council if plans are in progress to enact laws for the registration of political organizations, so that such bodies can solicit funds from the public to support political activities?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, we have no plans to enact laws to register political parties.

MR PETER WONG: *Mr Deputy President, while recognizing that a person should not be able to do something through a legal entity which he cannot do himself, can the Secretary confirm that there are no plans to require individual Legislative Councillors to declare the source of donations received?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, I think there are at present Standing Orders in this Council which require Councillors to make such declarations to the Committee on Members' Interests, and I think this is something for Members.

Triad elements in schools

5. MRS SELINA CHOW asked: *With regard to the remarks made public by the police last October that no infiltration of triad elements in local schools had been detected, will the Government inform this Council:*

- (a) what measures have been taken by the Administration to gather information on the infiltration of such undesirable elements into schools and what problems have emerged in gathering such information; and*
- (b) what mechanism is in place to enable the police to enlist the full co-operation of schools in dealing with the problem of juvenile delinquency?*

SECRETARY FOR SECURITY: Mr Deputy President, I should like to preface my reply by placing the reported remarks of the police in their proper context. The police conducted a study and prepared a report last year on "Triads in Schools". The conclusion of the study was that triad recruitment of students remained a problem; but that there was no indication of an organized triad campaign to enter schools for recruitment, and that most recruitment of students probably occurred outside schools.

Information on triad and other criminal activities in schools is obtained from a number of sources, including crime reports, school authorities and parents. Reluctance among students to report such activities in schools is the major obstacle to gathering full and accurate information on the subject. To try to overcome this reluctance, the police will soon launch a pilot scheme in Wong Tai Sin and Western Districts involving a new, special student crime report form. Students will be encouraged to use the form to provide information on crime or triad activity in schools on an anonymous basis; information obtained from the forms will be used in strict confidence.

The police maintain good liaison with and receive good co-operation from schools in tackling the problem of juvenile delinquency. Police liaison officers visit schools regularly to give talks to students on the nature and consequences of triad and other criminal activities. They also liaise closely with headmasters and teachers, and advise on how to deal with unruly and delinquent behaviour in schools. In addition, an inter-departmental working group, consisting of representatives from the Education Department, the Social Welfare Department and the police, has been set up to consider how to strengthen support for schools with triad problems. The working group is working on guidelines for school discipline masters on ways of dealing with problem students.

MRS SELINA CHOW: *Mr Deputy President, does the reluctance to report, referred to in the second paragraph of the answer, extend to school authorities, and are there any signs that they might want to cover up such problems in fear of damage to their reputations, and if so, what does the Government choose to do about it?*

SECRETARY FOR SECURITY: Mr Deputy President, the great majority of schools, as I have said, are very co-operative and are willing to report triad activities in their schools to the police. There are sometimes a few schools who may be reluctant to do so because of their fear of the adverse impact on the reputation of their schools. But the Police School Liaison Teams visit such schools and impress upon them the importance of reporting triad activities to the police. I believe that these efforts are generally successful and that the co-operation and flow of information between the police and the schools is good.

MRS MIRIAM LAU: *Mr Deputy President, the role of the Police Liaison Officers is to visit schools to give talks and also liaise closely with the school authorities. Can the Administration inform this Council whether there is any plan, firstly, to increase the number of such officers; and secondly, to extend the role of such officers so that they can actually build up close relationships with the students in their respective districts?*

SECRETARY FOR SECURITY: Mr Deputy President, I do not think there are any plans at present to increase the number of Police Liaison Officers, but certainly the inter-departmental working group, to which I referred, is considering how liaison between the police and the schools, and indeed between other agencies, such as the Social Welfare Department, can be strengthened. It is taking a number of initiatives on this, including improved guidelines for School Social Workers, and also dealing with the possibility of setting up Police School Support Teams. Another initiative that the police have taken in recent months is to increase the police presence outside schools because, as I said in my main answer, we do believe that such recruitment as does take place probably occurs mostly outside schools.

MR ERIC LI (in Cantonese): *Mr Deputy President, I believe that some of the youths when faced with triad intimidation, whether they come from within or outside schools, would prefer in the final analysis to turn to their school for support. Can the Administration inform this Council, apart from reporting to the police as have been so advised or reforming themselves under the guidance of teachers, whether students would be given other protection or assistance so as to help them give up their triad affiliations?*

SECRETARY FOR SECURITY: Mr Deputy President, I am not sure whether the question is referring to students who may have already been persuaded or intimidated into joining triad societies. But certainly there are existing arrangements for the police, in co-operation with the schools and with the Social Welfare Department, to make arrangements to help students who may want to give up their triad affiliations.

MR JAMES TO (in Cantonese): *Mr Deputy President, according to the police, there is no indication of triad infiltration in schools. But the Secretary said in his reply that triad recruitment of students remained a problem though it took place not in schools but outside them. I hope that he would stop playing with words as members of the public would like to know how serious the problem is. Can the Administration inform this Council, on the basis of their estimation and the information available, of the number of students believed to have joined triad societies, and how serious the problem is?*

SECRETARY FOR SECURITY: Mr Deputy President, I do not think I am playing with words. I do not have figures, and I do not think figures are available on how many students are believed to be members of triad societies. But I can give, I think, some indication of the problem. In 1992, 16% of the total number of persons arrested for crimes were juveniles although that figure of the number of juvenile arrests represented a 5% decrease from the previous year, that is, 1991. The main offence committed by juveniles is shop theft and also other forms of theft and robbery. It is difficult to say precisely what proportion of these crimes were triad-related, but we believe that in 1992 there were 412 crimes committed by juveniles which the police have classified as triad-related.

MR WONG WAI-YIN (in Cantonese): *Mr Deputy President, at the end of the third paragraph of his reply, the Secretary said that an Inter-Departmental Working Group had been set up to consider how to strengthen support for schools with triad problems. Just now Mr James TO asked for some related figures, which the Secretary was unable to provide. Referring to the third paragraph of his reply, will the Secretary inform this Council of the criteria used to determine which schools have triad problems?*

SECRETARY FOR SECURITY: I can only give a very commonsense answer, Mr Deputy President, that a school would be considered as having triad problems if it had members of the school who were triad members or where it experienced the sort of delinquent behaviour and criminal behaviour that one would associate with gang membership.

MR MAN SAI-CHEONG (in Cantonese): *Mr Deputy President, when triad elements infiltrated into schools, particularly the famous ones, the school authorities most likely would deny it for fear that their reputation would be affected. We learnt from school social workers that there had been actual cases where some students were victimized because they were forced to leave school due to triad affiliations. Can the Administration inform this Council whether it is prepared to address the problems squarely instead of avoiding it and to seek co-operation between the Education Department and the Social Welfare Department so as to prevent the problem from spreading further, either inside and outside schools, and to ensure that no students would be deprived of education because of triad affiliations?*

SECRETARY FOR SECURITY: Mr Deputy President, I am not sure that I heard a question there. But perhaps I could say, as I have said before, I believe that the Government as a whole, through its various departments, is putting a lot of resources into tackling this problem and that there is good co-operation between the Government and the schools, and indeed good co-operation between the various agencies of the Government, including the police, the Education Department and the Social Welfare Department.

Private hospitals' alleged refusal to treat emergency cases

6. DR LEONG CHE-HUNG asked: *Several cases were reported in recent months of private hospitals allegedly refusing to attend to or to admit patients involved in accidents or with injuries that required urgent treatment. Will the Administration inform this Council whether there are any legislation or codes of practice to govern private hospitals in responding to requests for emergency treatment and, if not, how the Government ensures that private hospitals and clinics are suitably discharging their duty of caring for patients?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, Patients may be admitted to private hospitals by their attending private medical practitioner or after seeking treatment at the hospitals' own out-patient department.

Patients in private hospitals are under the direct care of individual private doctors who, in discharging their professional duty of care to patients, are governed by the Medical Registration Ordinance and its subsidiary legislation.

Private hospitals and clinics are required to be registered with the Director of Health and must satisfy him as to the fitness of staff, accommodation, equipment and facilities appropriate to the purpose for which they were set up under the Hospital, Nursing Homes and Maternity Homes Registration Ordinance. The type of services offered by private hospitals and clinics must therefore be in keeping with their registration.

Apart from the law, doctors are themselves governed by the professional code of practice issued by the Medical Council of Hong Kong. The International Code of Medical Ethics also requires every medical practitioner to always bear in mind the obligation of preserving human life and calls upon him to give emergency care as a humanitarian duty unless he is assured that others are willing and able to give such care.

Legislation regulates professional standards and practice. However, the question of treatment of a patient is a matter for clinical judgement, involving medical ethics, and not just law.

DR LEONG CHE-HUNG: *Mr Deputy President, will the Administration inform this Council whether there is any legislated code of practice for private hospitals and clinics — and I stress "hospitals and clinics" not "practitioners" — for dealing with patients with injuries suspected to be due to foul play — and I again stress patients with injuries suspected to be due to foul play? If not, can these private institutes admit or administer treatment to these cases, and if so, what special procedures or precautions do the health care workers need to take?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, I can refer to actual statistics that we have which indicate that private hospitals do look after emergency patients. For example, in 1991 a total of 5 378 patients were admitted to private hospitals for the treatment of accident, injury and poisoning. These include accidental falls, motor vehicle accidents and accidental poisoning by drugs. Statistics for 1992 are not yet available. In general, therefore, private hospitals provide 24-hour out-patient services which treat and admit patients with medical and surgical emergencies. Some private hospitals do treat and admit patients involved in accidents or with injuries suspected to have legal implications. I should also add that not all private hospitals have accident and emergency services when they are registered. Private hospitals may therefore refer patients elsewhere in cases where they are ill-equipped to provide treatment of the appropriate type to the patients in question. To this end, the public sector provides comprehensive accident and emergency facilities capable of handling all types of cases.

DEPUTY PRESIDENT: Do you have a follow-up question, Dr LEONG?

DR LEONG CHE-HUNG: *Yes, it is a follow-up question, thank you, Mr Deputy President. Since the Secretary has said in reply that private hospitals and clinics can treat patients suspected of foul play, can the Administration inform this Council why these patients are always taken by ambulance to a public accident and emergency department in spite of the fact that a private hospital may be very nearby?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, As I say, private hospitals are not all equipped with suitable accident and emergency facilities or with personnel who can attend to different types of injuries. So private hospitals may and do indeed refer patients elsewhere. To this end, the large general and acute hospitals of the region provide comprehensive care and are suitably qualified in that regard and they have facilities capable of handling various forms of emergencies.

MR MICHAEL HO (in Cantonese): *Mr Deputy President, will the Administration inform this Council whether private hospitals can refuse to admit or treat emergency patients because they fail to pay for their treatment or fail to make immediate payment?*

DEPUTY PRESIDENT: In relation to accidents and injuries that require urgent treatment? That was the original question.

MR MICHAEL HO (in Cantonese): *Mr Deputy President, my question asks specifically whether these patients should be denied emergency treatment because they fail to pay or do not have the money to pay for their treatment?*

DEPUTY PRESIDENT: Emergency treatment.

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, I do not want to speculate on isolated cases. If there are such cases of referral simply because the patient does not have the money to pay for treatment at a private hospital then I would be grateful if this could be referred to the Director of Health who is in fact the Registrar. The law on registration, however, does not provide for the details of registration or deregistration. The Director of Health is the authority for registering private hospitals. To be registered, a private hospital has to have accommodation, staffing, equipment and facilities appropriate to the services it intends to provide. Where it involves medical ethics, like refusing on humanitarian grounds to help with curing a human being, then I think it is a wider question than existing legislation. But if there are actual cases of this kind, I would like to be informed of them and take suitable action.

MR MARTIN BARROW: *Mr Deputy President, could the Secretary advise whether or not she has specifically investigated the rather shocking allegations made in the original question and, if so, what the result was and whether she has reminded those offending hospitals, which do have a 24-hour emergency service, of the international code that she referred to?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, I am not aware of the details of the case referred to in the question. The question itself does say that several cases were reported in recent months. I do not know what these cases are; until I know of the cases to which the question refers, I will not be in a position to comment.

DR CONRAD LAM (in Cantonese): *Mr Deputy President, given that some private hospitals do not have the suitable facilities and personnel to handle certain emergency cases, will the Secretary inform this Council of the steps the Administration will take to educate the public so that they will not go to these hospitals and waste their precious time in emergencies? Furthermore, will the Administration assist to upgrade these hospitals in terms of facilities and personnel so that they can also provide emergency treatment to the public?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, we are talking about registered private hospitals and maternity homes and nursing homes. They are private and they have their own policies to govern the way they operate. Whereas the communication between the Department of Health and the private hospitals is very good and there is also good co-operation in terms of sharing information on relevant statistics, I doubt very much we in the Government can compel a private hospital to provide the services which it is not prepared to provide. However, I can assure Dr LAM that information regarding where to take the emergency cases to is already extensively available, particularly in the public hospitals.

DR TANG SIU-TONG (in Cantonese): *Mr Deputy President, many private hospitals refuse to treat or admit emergency patients involved in accidents or injuries that have legal implications. When a patient in a critical condition is taken to a private hospital with 24-hour emergency service, should the hospital give some emergency care before referring the patient to a public hospital? If not, does this go against the law or medical ethics?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the question itself impinges on a hypothetical situation. I can only refer to my main answer which states that, according to international medical ethics, every practitioner has the duty to perform emergency care in order to save life unless he is assured that there are other places which can provide better service. So I would think that this is a matter of professional judgement. I doubt very much that in the Hong Kong situation a medical professional would simply let a patient die in the street or anywhere else in order to wait for the right ambulance to come to take the patient away. I think the question itself may be hypothetical but I would like to know the details if such a case does emerge.

Written answers to questions**Street names**

7. MR JAMES TO asked (in Chinese): *Will the Government inform this Council:*
- (a) *whether there are plans to change the names of streets which have colonial implications (such as Queen's Road) before 1997; and*
 - (b) *if so, the time schedule for introducing the change and what new names will be adopted?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: The Government does not have plans to change street names which have colonial implications before 1997. Whether street names are changed after 1997 will be a matter for the Special Administrative Region Government.

Alleged biased or slanderous programmes on RTHK

8. MR CHIM PUI-CHUNG asked (in Chinese): *Will the Government inform this Council of the following:*
- (a) *whether the Radio Television Hong Kong (RTHK) has drawn up a code of practice to guard against the inclusion in its programmes of material or comments which are biased towards certain people or organizations, and to guard against the programmes being used as political propaganda or slanders;*
 - (b) *the number of complaints received by RTHK in the past three years with regard to the inclusion in its programmes of material or comments which are biased or slanderous in nature, and how such complaints were handled by RTHK;*
 - (c) *the number of lawsuits in which RTHK was involved over allegations of slanderous contents and comments during the same period, and the amount of public funds incurred?*

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, I shall deal with the points raised in Mr CHIM's question in the order as set out.

- (a) Radio Television Hong Kong (RTHK) does not have a code of practice governing its editorial policy. This would be too rigid and would not provide sufficient flexibility to meet with rapidly changing circumstances.

The Director of Broadcasting is responsible for ensuring that a system of editorial control exists which results in fair, balanced and objective public affairs and news programmes being produced by RTHK.

The day-to-day editorial process operated by the Director and her senior programming staff, which includes a whole series of structured meetings and discussions amongst editorial staff, is sufficiently clear in itself in guarding against bias towards certain people or organizations and in preventing programmes from being used for political propaganda or slander.

There is, however, no absolute guarantee that the line may not be crossed, especially with "live" programmes where listeners' phone-in segments are involved. In these programmes there is a need to strike a balance between letting the caller speak his mind, challenging unfair comments and stopping altogether any slanderous statements. The handling of such programmes is a subject which is closely watched by, and regularly discussed amongst, editorial staff in RTHK.

I consider that programme production in RTHK is suitably supervised under existing working procedures, and programme contents are adequately monitored and reviewed in editorial meetings to guard against programmes from being biased and from being used for political propaganda or slander.

- (b) During the past three years, RTHK has received four complaints against its TV programmes and 10 against its radio programmes with regard to being biased or slanderous in nature.

These complaints have been thoroughly examined by the section or division heads in the programme production divisions. Where necessary, discussions have been held with staff concerned, and directives issued to prevent similar occurrences in future. Written replies have been given to complainants where possible.

- (c) Over the same period, there has been no lawsuit involving RTHK programmes for alleged slander. There were, however, two cases where complainants, through their solicitors, claimed that statements made in RTHK radio programmes had caused them embarrassment and had damaged their reputation. Both cases were settled with the assistance of the Legal Department, without resorting to litigation. In one case, the Government paid the complainant's legal fees of \$15,000. No other expenditure of public funds has been incurred.

Profits tax on Hong Kong dollar deposit interest income

9. MR DAVID LI asked: *Will the Administration inform this Council whether it will eliminate profits tax currently payable by Hong Kong companies on Hong Kong dollar deposit interest?*

SECRETARY FOR THE TREASURY: Hong Kong dollar deposit interest received by companies carrying on a trade, profession or business in Hong Kong is chargeable to profits tax because it is derived from Hong Kong. This interest is, in substance, no different from any other income which such companies derive from their businesses in Hong Kong and which is subject to profits tax.

It is a fundamental principle of our taxation system that income which has a source in Hong Kong is taxable, and that exemptions are only provided in exceptional cases, where there are over-riding policy considerations. This approach allows us to collect tax efficiently and at a relatively low cost when compared to other tax jurisdictions.

To exempt Hong Kong dollar deposit interest income payable to Hong Kong companies from profits tax would not only breach this important policy principle but would also have significant revenue implications. At present, therefore, we have no intention of eliminating profits tax on this interest.

Industrial accidents on construction sites

10. MR LAU CHIN-SHEK asked (in Chinese): *As the rate of industrial accidents is the highest in the construction industry, will the Government inform this Council of the names of the ten construction companies with the highest numbers of industrial accidents on construction sites in the past three years, and*

the respective number of industrial accidents involving these construction companies in each of the past three years?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the Labour Department collates and analyses information on construction site accidents by cause for the purpose of prevention. It does not, however, compile statistics on such accidents by reference to individual companies. Such statistics would not, in any case, provide reliable indicators of the safety performance of individual companies for the following reasons:

- (a) they would be biased against construction companies with a large number of sites and employees;
- (b) they would not be comprehensive since, under the Employees Compensation Ordinance, an employer is not required to report an occupational accident if the injury results in temporary incapacity of less than four days; and
- (c) an industrial accident occurring on a construction site may be reported by the principal contractor or one of its subcontractors according to different agreements or contracts between the parties.

Prosecutions against taxi drivers

11. MRS MIRIAM LAU asked: *In view of the increasing number of complaints against taxi drivers over the past few years, will the Administration inform this Council of:*

- (a) *the number of taxi drivers prosecuted over the past three years, with a breakdown by year and by type of offence;*
- (b) *the average conviction rate in respect of those prosecutions; and*
- (c) *the average penalties imposed in respect of each type of offence?*

SECRETARY FOR TRANSPORT: Mr Deputy President, the number of taxi drivers prosecuted for taxi malpractices, the average conviction rate and the average penalties imposed in the past three years are set out in tables A and B attached.

As some of the cases for 1992 are still being processed, the data for that year in table B are provisional.

Table A

Taxi Driver Offences — Prosecutions by Fixed Penalty Tickets
(\$200 per ticket)

<i>Type of offence</i>	1990		1991		1992	
	<i>Tickets issued</i>	<i>% of tickets paid</i>	<i>Tickets issued</i>	<i>% of tickets paid</i>	<i>Tickets issued</i>	<i>% of tickets paid</i>
Taxi driver not moving forward at taxi stand	58	98.9%	34	98.9%	117	98.7%
Taxi driver at stand accepting fare out of turn	112	98.9%	121	98.9%	301	98.7%
Not setting taximeter to recording position	26	98.9%	33	98.9%	8	98.7%
Total	196	98.9%	188	98.9%	426	98.7%

Table B

Taxi Driver Offences — Prosecutions by Summons and Arrests

<i>Type of offence</i>	<i>Number of prosecutions</i>	<i>1990 Conviction rate</i>	<i>Average fine</i>	<i>Number of prosecutions</i>	<i>1991 Conviction rate</i>	<i>Average fine</i>	<i>1992 (Provisional) Number of prosecutions</i>	<i>Conviction rate</i>	<i>Average fine</i>
Soliciting passengers	2	100.0%	\$627	15	40.0%	\$600	57	52.6%	\$598
Refusing hire	206	82.5%	\$570	231	74.9%	\$596	261	64.8%	\$532
Refusing to drive to destination	17	100.0%	\$438	32	90.6%	\$625	28	60.7%	\$396
Failing to drive to destination by the most direct route	43	74.4%	\$355	55	98.2%	\$492	53	37.7%	\$555
Overcharging	26	73.1%	\$495	30	80.0%	\$735	45	37.8%	\$767
Taximeter offences	96	100.0%	\$331	148	100.0%	\$467	114	78.1%	\$404
Stopping elsewhere than at taxi stand	85	100.0%	\$240	42	100.0%	\$256	76	57.9%	\$251
Taxi displaying an unauthorized sign	14	100.0%	\$268	43	100.0%	\$268	60	60.7%	\$311
Behaving in an other than civil or orderly manner	41	100.0%	\$397	52	76.9%	\$451	80	79.3%	\$455
Others*	55	80.0%	\$400	30	80.0%	\$296	95	100.0%	\$373
Total/Average	585	88.9%	\$416	678	86.0%	\$490	869	66.7%	\$450

* Including offences such as failure to display fare card/registration number, failure to display the taximeter when available for hire, and so on.

Constitutional proposals by the Governor

12. MR HOWARD YOUNG asked: *Regarding the Governor's constitutional proposals outlined in the policy address on 7 October 1992, will the Government inform this Council:*

- (a) what specific Ordinances need to be amended and whether any new Ordinances need to be introduced in order to implement the proposals; and*
- (b) whether any of the proposals can be implemented without legislative amendments?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, on 7 October 1992, the Governor announced in his policy address the following constitutional proposals:

- (i) lowering of voting age from 21 to 18;
- (ii) single-vote, single-seat system for geographical constituency elections;
- (iii) replacement of all forms of corporate voting by individual voting in functional constituency elections, and creation of nine new functional constituencies which include all working people;
- (iv) abolition of appointed seats and increase in elected seats in Urban Council and Regional Council;
- (v) abolition of appointed seats and increase in elected seats in District Boards;
- (vi) establishment of a Boundary and Election Commission to make recommendations on geographical constituency boundaries and to oversee the conduct of elections; and
- (vii) establishment of an Election Committee to elect up to 10 Legislative Council Members.

The lowering of voting age and the adoption of a single-vote, single-seat system for geographical constituency elections will require amendments to the Electoral Provisions Ordinance (Cap 367). The proposals relating to the functional constituency system will require amendments to the Legislative Council (Electoral Provisions) Ordinance (Cap 381). The proposed changes in the membership of the Urban Council, Regional Council and District Boards will require amendments to the Urban Council Ordinance (Cap 101), the Regional Council Ordinance (Cap 385), the District Boards Ordinance

(Cap 366) and the Electoral Provisions Ordinance. The proposed Election Committee will require amendments to both the Electoral Provisions Ordinance and the Legislative Council (Electoral Provisions) Ordinance. Amendments to various items of subsidiary legislation, and the enactment of new subsidiary legislation, will also be necessary in due course to set out detailed regulations.

As for the Boundary and Election Commission, its establishment will require new legislation as well as consequential amendments to the Electoral Provisions Ordinance, the Legislative Council (Electoral Provisions) Ordinance, the Urban Council Ordinance, the Regional Council Ordinance, the District Boards Ordinance, the Prevention of Bribery Ordinance (Cap 201), and the Corrupt and Illegal Practices Ordinance (Cap 288). It will also require new subsidiary legislation setting out detailed regulations under which the Commission will operate, and will entail amendments to five items of subsidiary legislation.

As shown in the second and third paragraphs above, the various constitutional proposals all require legislation for implementation.

Smoking in no-smoking areas

13. MR HENRY TANG asked: *Will the Government inform this Council:*

- (a) *of the number of persons prosecuted for smoking in designated no-smoking areas in public places and in public transport carriers since the enactment of the Smoking (Public Health) (Amendment) Ordinance 1992;*
- (b) *whether difficulties have been encountered by managers of no-smoking areas and drivers or others in charge of public transport carriers in stopping people from smoking in such areas and in such public transport carriers; and*
- (c) *whether there are plans to prohibit smoking in all public waiting areas?*

SECRETARY FOR HEALTH AND WELFARE: Following the making of the Smoking (Public Health) (Amendment) Ordinance, public transport operators and managers of areas that have been designated as no smoking areas have been given a six-month grace period to display no smoking signs in their vehicles and premises. The grace period expired on 1 August 1992 and the provisions in the Ordinance are now enforceable. According to information from public transport operators, only one case has had to be referred to the police for prosecution during the period from August to December 1992. Enforcement statistics from managers of designated no smoking areas are expected by March 1993.

The law empowers managements to enforce smoking prohibition in their premises and vehicles. So far, only one public transport operator has informed me of difficulties in enforcing the new provisions, largely because of hostile response from some unco-operative smokers. Other operators have reported no major problems, as most passengers are well aware of, and respect, the prohibition on smoking in public transport.

Smoking is already prohibited in public areas in government offices, including leased premises. Whether we prohibit smoking in additional public enclosed places is currently being examined.

I should point out that enforcement is not the only focus of the Government's package of measures to discourage smoking, particularly amongst the young. Emphasis has always been on public education to inform people of the health risks of smoking and to discourage them from smoking or to encourage them to quit. Notwithstanding this, we are now examining proposals for further anti-smoking measures as a result of recent extensive public consultation.

Chemical Waste Treatment Plant at Tsing Yi

14. DR SAMUEL WONG asked: *As the Chemical Waste Treatment Plant at Tsing Yi has recently been completed and will be put into operation soon, will the Government inform this Council:*

- (a) of the final total construction cost of this facility;*
- (b) of the estimated operating cost per year for the next four years; and*
- (c) whether the Government has a policy to recover the capital cost and operating cost of this treatment facility, and if yes, how?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President,

- (a) In accordance with the terms of the contract between the Government and the Contractor, Enviropace, the capital cost of the CWTF will be repaid by the Government in 60 equal monthly instalments over the first five years of the facility's operation. These payments will total \$1.296 billion.
- (b) The annual operating cost in the first four years (1993-94 to 1996-97) is estimated to be \$242 million.

This estimate, at 1992 prices, is made on the basis of information available on the quantities of chemical waste arising and likely waste intake projections. The exact fees payable to the contractor will depend on the type and quantity of waste actually received and treated at the CWTF. The fees will be calculated according to an agreed schedule of rates which will be adjusted according to the CPI (B).

- (c) A charging scheme to recover the capital cost and operating expenses of the CWTF will be established. A consultancy study to examine the feasibility of various charging methods is due to be completed in March this year. Thereafter recommendations on the way forward will be made to the Governor in Council and any legislative changes which may be required will be considered.

The United Kingdom's moral obligations towards Hong Kong after 1997

15. DR CONRAD LAM asked (in Chinese): *As Britain will no longer have sovereignty over Hong Kong after 30 June 1997, will the Government inform this Council of the specific meaning of Britain's moral obligations towards the people of Hong Kong after 30 June 1997, and the various measures which would be taken by the Government to ensure that the British Government fulfills such obligations?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr Deputy President, Britain's principal obligation with respect to Hong Kong after 1997 will be to ensure that the Joint Declaration is fully and faithfully implemented. As a party to the Joint Declaration the Government of the United Kingdom will be entitled to take up with the PRC any questions it may have in relation to the rights and obligations contained in the Joint Declaration. Moreover, in accordance with paragraph 8 of Annex II of the Joint Declaration, the Joint Liaison Group shall continue its work until 1 January 2000.

Complaints against schools about textbooks

16. MR ERIC LI asked (in Chinese): *Will the Government inform this Council:*

- (a) *whether it has received, in the past five years, any complaints against schools for requiring pupils to use textbooks compiled for pupils at a different level (for example, textbooks compiled for Primary II being used in Primary I); if so, what is the number of such complaints in each year and the subjects involved;*

- (b) *how such complaints are handled and what action is taken against those schools which are the subject of repeated complaints; and*
- (c) *what measures will be taken to ensure that schools will use textbooks which are suitable for use at the specified level?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to Mr LI's questions are as follows:

- (a) In the past five years, the Education Department has not received any complaints against schools requiring pupils to use textbooks compiled for a different level.
- (b) If the Education Department receives any such complaints, it will check the textbook list of the school concerned to find out whether books of an unsuitable level have been formally adopted by the school. Education Department inspectors will also visit the school to check whether unsuitable books have been used by teachers in practice, even though they may not have been included formally in the school's textbook list. If the complaint is substantiated, the school would be asked to stop using the unsuitable books. If such requests are ignored repeatedly, the school management would be guilty of an offence under Regulation 92(8) of the Education Regulations and be liable upon conviction to a fine of \$5,000 and to imprisonment for one year.
- (c) The Education Department regularly issues Recommended Textbook Lists which provide a range of choices of textbooks suitable for each level of education. Schools are advised to select textbooks from these lists and those which choose books outside them are normally required to justify their choice. If the justifications are deemed insufficient, the school will be required to cease using the textbooks in question. In addition, Education Department inspectors visit schools regularly to inspect teachers' work, observe lessons and offer advice on curriculum and teaching. Through these visits, schools using unsuitable textbooks can be identified and measures taken to rectify the situation.

Private sector developments within country park areas

17. MR JIMMY MCGREGOR asked: *Will the Government inform this Council of all the proposals now under consideration for major private sector developments within the country park areas and whether it will consider consulting this Council before any of the proposals are approved?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, no major private sector developments are under consideration within the country park areas at present. Most proposals for development within country parks are for public projects involving utilities or roads. Private development proposals mainly involve small village houses on leased land.

Teachers holding Commonwealth degrees

18. MR TIK CHI-YUEN asked (in Chinese): *Will the Government provide this Council with the following data for each of the years from 1988 to 1992:*

- (a) the number of non-graduate teachers who became graduate teachers after acquiring recognized degrees awarded in Commonwealth countries;*
- (b) the number of primary school teachers holding Bachelor degrees in education awarded in Commonwealth countries;*
- (c) the number of primary and secondary school teachers with non-standard qualifications, with a breakdown by age groups and districts; and on a district basis, the percentages of such teachers as against the total number of primary and secondary school teachers?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the collection of data on teacher qualifications began with the annual Teacher Survey in 1989. The survey takes stock of the teaching force in the public sector (that is, government, aided, CAPUT and Bought Place schools) in October of every year and reports on its findings in March of the following year. Statistics on teachers are now available for the school years beginning in 1989, 1990 and 1991, but not 1992 (as compilation of data is still in progress) or before 1989 (when data first started to be collated).

Bearing in mind these limitations, the answers to Mr TIK's question are as follows:

- (a) Of 11 229 graduate teachers serving in secondary schools in October 1991 and holding a Commonwealth degree, 434 served as non-graduate teachers in October 1989 or October 1990.
- (b) In 1989, 1990 and 1991, there were, respectively, 303, 321 and 399 holders of Commonwealth degrees amongst primary school teachers. No information is available on whether these degrees are in education.

Number of teachers with Non-standard qualification
(as percentage of total number of teachers)

<i>District</i>	<i>1989</i>	<i>Primary 1990</i>	<i>1991</i>	<i>1989</i>	<i>Secondary 1990</i>	<i>1991</i>
Central and Western	26 (4.81)	31 (5.90)	24 (4.68)	49 (13.54)	62 (17.17)	31 (11.23)
Wan Chai	22 (3.99)	23 (4.29)	15 (2.90)	80 (18.74)	130 (27.37)	72 (17.52)
Eastern	48 (4.36)	42 (3.95)	36 (3.40)	74 (16.23)	76 (16.89)	62 (14.69)
Southern	32 (4.64)	30 (4.60)	22 (3.53)	26 (12.87)	26 (13.27)	36 (15.32)
Sham Shui Po	35 (3.86)	41 (4.70)	35 (4.08)	66 (16.46)	140 (27.03)	87 (18.05)
Mong Kok	18 (3.28)	26 (4.82)	21 (4.00)	53 (33.13)	57 (33.33)	36 (24.66)
Yau Tsim	18 (3.90)	21 (4.73)	26 (3.74)	21 (14.58)	34 (21.38)	22 (15.94)
Kowloon City	44 (4.15)	38 (3.67)	35 (3.50)	107 (16.11)	165 (21.68)	105 (15.91)
Wong Tai Sin	61 (5.03)	68 (5.79)	50 (4.62)	53 (11.16)	63 (13.02)	52 (11.61)
Kwun Tong	88 (5.02)	100 (6.11)	80 (5.39)	62 (12.30)	211 (29.43)	103 (15.73)
Tsuen Wan	44 (5.76)	45 (6.00)	41 (5.59)	10 (8.07)	22 (10.58)	25 (10.78)
Tuen Mun	324 (17.70)	342 (19.10)	281 (15.70)	51 (9.22)	94 (14.83)	88 (13.27)
Yuen Long	135 (14.02)	144 (14.75)	126 (12.84)	24 (8.02)	84 (27.45)	42 (14.14)
North	106 (12.96)	120 (13.94)	98 (11.01)	29 (17.79)	62 (29.11)	43 (20.48)
Tai Po	127 (14.38)	148 (16.67)	132 (13.94)	29 (13.06)	51 (19.69)	32 (11.05)
Sha Tin	139 (7.97)	173 (9.69)	140 (7.87)	54 (10.44)	79 (13.17)	74 (11.16)
Sai Kung	31 (10.16)	58 (15.26)	46 (10.41)	17 (18.28)	22 (20.37)	16 (15.69)
Islands	44 (18.41)	47 (20.89)	37 (16.74)	8 (12.50)	9 (13.85)	7 (11.67)
Kwai Tsing	89 (6.77)	107 (8.34)	99 (7.96)	54 (8.68)	96 (14.57)	55 (9.34)
Total	1 431 (8.09)	1 604 (9.21)	1 334 (7.79)	875 (13.41)	1 483 (20.19)	988 (14.20)

Medical services in North District

19. REV FUNG CHI-WOOD asked (in Chinese): *Will the Government inform this Council:*

(a) *of the following in respect of North District in the past three years:*

- (i) *the number of patients seeking treatment at the Accident and Emergency Department of local hospitals each year; the number of these patients subsequently transferred to other hospitals outside the district for treatment and the names of these hospitals; the average time taken for such transfers and whether treatment to patients had subsequently been delayed; and*
- (ii) *the number of patients who had to stay in local hospitals for treatment each year; the number of these patients subsequently transferred to other hospitals outside the district for hospitalization and the names of the hospitals admitting these patients;*
- (b) *what measures can be taken to avoid having to transfer patients to hospitals outside North District for treatment and hospitalization;*
- (c) *whether any study has been conducted to see if the provision of medical services in North District would be adequate to meet the need of the local population by 1999; if so, what the findings of the study are; and*
- (d) *whether the Administration would agree to the two points made in the Hospital Authority's proposal that a North District Hospital should be built and completed by 1998-99; if so, when funds will be sought from the Finance Committee?*

SECRETARY FOR HEALTH AND WELFARE: Mr Deputy President, the number of attendances at the Accident and Emergency Department of Fanling Hospital are as follows:

<i>Year</i>	<i>Attendance</i>
1990	43 683
1991	47 222
1992	51 279

A total of 6 653 cases were referred to other hospitals in the year 1992, mainly to Prince of Wales Hospital. The travelling time from Fanling Hospital to Prince of Wales Hospital by ambulance is about 20 minutes, which is comparable to worldwide standards for similar transfers.

The total number of patients treated in Fanling Hospital and those transferred to other hospitals are as follows:

<i>Year</i>	<i>Patients treated</i>	<i>Patients transferred</i>
1990	1 441	268
1991	1 253	322
1992	1 404	513

These inter-hospital transfers are mainly convalescent cases originally referred to Fanling Hospital from Prince of Wales Hospital.

The Hospital Authority has conducted a review on the demand and supply of hospital beds in Hong Kong up to the year 2000. The New Territories is considered as a region for the purpose of planning general hospital beds. Infirmary and psychiatric beds are planned on a territory-wide basis. Taking into account projects in the pipeline, there will be an estimated shortfall of general beds in the region. On this basis, the Authority has proposed that North District Hospital with 600 general beds should be built. This proposal is under active consideration by the Administration and an announcement will be made as soon as possible.

Rehousing for bedspace apartment lodgers

20. MR MAN SAI-CHEONG asked (in Chinese): *Following a blaze in bedspace apartments in Sham Shui Po on Christmas Eve in 1990, the former Secretary for Home Affairs promised that the Government would rehouse all bedspace apartment lodgers and introduce legislation to control bedspace apartments in two years. Will the Government inform this Council of:*

- (a) the existing number of bedspace apartment lodgers as compared with that in December 1990;*
- (b) the number of lodgers who are on the waiting list for singleton hostel accommodation;*
- (c) the number of lodgers who were allocated singleton hostel accommodation in 1991 and 1992;*
- (d) the reasons why the promise made two years ago has not yet been fulfilled;*
- (e) the anticipated supply of hostel places for lodgers in the next two years; and*
- (f) the target dates for the completion of the decantation exercise and for the introduction of legislation to control bedspace apartments?*

SECRETARY FOR HOME AFFAIRS: Mr Deputy President, before I reply to questions (a) to (f), I wish to clarify the terms of the Government's undertaking in respect of bedspace apartment lodgers. The Government undertook two years ago (i) to introduce legislation to license bedspace apartments to regulate their fire and structural safety; (ii) to introduce fire and structural safety standards which might result in lowering the occupancy rate of some bedspace apartments; and (iii) that no bedspace apartment lodgers would be rendered homeless due to licensing. There was no promise to rehouse all bedspace apartment lodgers.

The answers to the Honourable Member's questions are as follows:

- (a) According to government records, in December 1990 there were about 4 000 bedspace apartment lodgers. At present, there are about 4 100.
- (b) There is no bedspace apartment lodger on the waiting list for singleton hostel accommodation. Our present capacity is able to meet all the current demand.
- (c) In 1991 and 1992, 15 and 60 bedspace apartment lodgers respectively were allocated singleton hostel accommodation.
- (d) Regarding the Government's undertaking made two years ago (please refer to the first paragraph above), (i) a Bill on bedspace apartments is being drafted and, subject to the advice of the Executive Council, we plan to introduce it to the Legislative Council during the current Session; (ii) it was estimated in 1991 that about 50% (2 000) of the bedspace apartment lodgers might be displaced. However, recent sample surveys have revealed that the bedspace apartments would need to displace less than 50% of the lodgers in order to be licensable. The exact demand will be known when detailed inspections of individual bedspace apartments are completed; and (iii) the City and New Territories Administration has been acquiring and will continue to acquire suitable flats for use as singleton hostels to accommodate those bedspace apartment lodgers who will be displaced.
- (e) For the past two years, we have been building up a stock of singleton hostels. At present, these hostels have a combined capacity for about 160 lodgers. We will continue to acquire suitable flats for use as singleton hostels according to demand.
- (f) It is anticipated that by the end of 1995, all bedspace apartments will operate under licences and that all the displaced lodgers will be accommodated in alternative housing. As regards the timing for legislation, please see my reply to (d) above.

Motion**BUSINESS REGISTRATION ORDINANCE**

THE SECRETARY FOR THE TREASURY moved the following motion:

"That with effect from 1 March 1993 the Schedule to the Business Registration Ordinance be amended -

(a) by repealing item 1(i) and substituting -

"(i) on or after 1 April 1990 and
before 1 March 1993 \$900 7

(j) on or after 1 March 1993 \$1,000 7";

(b) in item 4(a) by repealing "\$15" and substituting "\$60";

(c) in item 4(b) by repealing "\$50" and substituting "\$150"; and

(d) in item 5 by repealing "\$15" and substituting "\$60"."

He said: Mr Deputy President, I move the resolution standing in my name on the Order Paper.

The schedule to the Business Registration Ordinance (Cap. 310) specifies various fees and penalties payable under the Ordinance. The registration fee in respect of a branch of business was introduced in 1984 and has not been revised since then. The main business registration fee was last revised in 1990. I now propose to revise them in line with the increases in costs since they were last introduced or reviewed.

I also propose to increase the penalties for non-payment of business registration fees and branch registration fees. These penalties have been kept at their present level since 1975 and 1984 respectively. To preserve the deterrent effect, I recommend that the penalties should be increased from \$50 and \$15 to \$150 and \$60 respectively.

The increases, if approved, will take effect on 1 March 1993. Additional revenue is estimated at \$68 million a year.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

First Reading of Bills**PROTECTION OF WAGES ON INSOLVENCY (AMENDMENT) BILL 1993****OZONE LAYER PROTECTION (AMENDMENT) BILL 1993**

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

Second Reading of Bills**PROTECTION OF WAGES ON INSOLVENCY (AMENDMENT) BILL 1993**

THE SECRETARY FOR EDUCATION AND MANPOWER moved the Second Reading of: "A Bill to amend the Protection of Wages on Insolvency Ordinance."

He said: Mr Deputy President, I move that the Protection of Wages on Insolvency (Amendment) Bill 1993 be read a Second time.

The Bill seeks to raise the maximum limit on the amount of *ex gratia* payment which may be made from the Protection of Wages on Insolvency Fund in respect of arrears of wages and wages in lieu of notice. The aim is to provide better protection to employees in situations where their employers have become insolvent.

The Protection of Wages on Insolvency Fund is currently financed by a levy of \$250 a year on each business registration certificate. It provides for the following *ex gratia* payments to an employee if his employer has become insolvent:

- (a) arrears of wages up to \$8,000;
- (b) wages in lieu of notice up to seven days' wages or \$2,000 whichever is the less; and
- (c) severance payment up to \$8,000, plus 50% of the applicant's entitlement in excess of \$8,000.

The present maximum limits on payments in respect of arrears of wages and wages in lieu of notice have not been revised since 1985 and 1987 respectively. The statistics for 1991-92 revealed that 35% of applicants for arrears of wages, and 53% of those for wages in lieu of notice, could not recover their full entitlements because they exceeded the maximum limits.

To improve the situation, we propose to raise the maximum *ex gratia* payment in respect of arrears of wages from \$8,000 to \$18,000 per applicant; and that in respect of wages in lieu of notice from seven days' wages up to \$2,000 to one month's wages up to \$6,000.

With these amendments, over 90% of applicants for arrears of wages would be able to recover their full entitlements. As regards wages in lieu of notice, the revision would increase the coverage substantially although we cannot ascertain the extent of the increase at this stage. The proposal would not involve any increase in levy as the existing level of levy would be sufficient to cover the increased payments from the Fund.

We are also taking this opportunity to introduce two technical amendments. At present, the procedure for adjusting the payment ceiling on arrears of wages involves an amendment to the principal Ordinance. We propose to simplify this procedure by providing for future adjustments to be made by resolution of this Council.

Secondly, "wages" and "wages in lieu of notice" are currently defined in the principal Ordinance by reference to the preferential limits in the Companies Ordinance and the Bankruptcy Ordinance. As the revised limits of *ex gratia* payments exceed those preferential limits, these definitions should be amended.

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

OZONE LAYER PROTECTION (AMENDMENT) BILL 1993

THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS moved the Second Reading of: "A Bill to amend the Ozone Layer Protection Ordinance."

He said: Mr Deputy President, I move that the Ozone Layer Protection (Amendment) Bill 1993 be read the Second time.

The Ozone Layer Protection Ordinance was enacted in June 1989. It enables Hong Kong to meet its international obligations under the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer. The Ordinance provides for the control of the import and export of ozone depleting substances controlled under the Protocol, as well as the prohibition of their manufacture in Hong Kong.

As Members are aware, the situation as regards the ozone layer has worsened. Since 1987, the Parties to the Protocol have therefore met several times to tighten control over ozone depleting substances further.

At the Second Meeting held in London in June 1990, the Parties to the Protocol adopted an accelerated phasing out programme for the substances controlled under the Protocol.

At the Third Meeting held in Nairobi in June 1991, a list of products containing CFCs (chlorofluorocarbons) and halons was agreed. Under the Protocol, the import from Non-Parties of any products on this list will be banned as from 27 May 1993.

The Parties to the Protocol met again in Copenhagen in November 1992 and decided that the phasing out of halon consumption should be accelerated to 1 January 1994, and that the consumption of CFCs, carbon tetrachloride and methyl chloroform should be phased out by 1 January 1996.

To meet the requirements now set by the Protocol, the Ordinance should be amended to provide for additional measures to protect the ozone layer and to prepare for the consequences of the new measures agreed by the Parties to the Protocol.

Clause 5 of the Bill will extend the regulation-making power of the Governor in Council to enable greater control on the use of scheduled substances. The Governor in Council will be authorized to make Regulations to enable the Director of Environmental Protection to declare a scheduled substance to be a controlled refrigerant, to determine if a territory complies with the requirements of the Montreal Protocol, to approve the type of equipment to be used for recovering or recycling a scheduled substance, and to specify the manner in which such equipment is to be used.

Two regulations will need to be made under section 16 of the Ordinance.

The Ozone Layer Protection (Controlled Refrigerants) Regulation will prohibit the release into the atmosphere of controlled refrigerants used in large-scale installations and in motor vehicles. To conserve these scheduled substances, the Regulation will require that in recovery and recycling, approved equipment must be used. It will also require that, during the servicing, repair or decommissioning of refrigeration equipment, records of the controlled refrigerants be kept.

The Ozone Layer Protection (Products Containing Scheduled Substances) (Import Banning) Regulation will further assist Hong Kong to meet its international obligations under the Protocol. This will be achieved by prohibiting the import of controlled products from a territory which is not a party to the Protocol, unless the Director of Environmental Protection determines that the territory is in compliance with the relevant requirements of the Protocol. This Regulation will take effect on 27 May 1993 to ensure compliance with the Protocol's requirements.

The Environmental Pollution Advisory Committee has given its support to the proposed legislation, as have green groups. No adverse comments have been received from the major trade and industrial associations or the importers and exporters of the scheduled substances, who have also been consulted on the proposed controls.

As Hong Kong is covered by the United Kingdom's ratification of the Protocol, and as a part of the international community, Hong Kong is required to meet the requirements set down by the Parties to the Protocol. Failure to meet these requirements would result in Hong Kong being barred from trading in the scheduled substances and products containing them with other members of the Protocol. The Bill and the proposed Regulations are necessary to enable Hong Kong to continue to comply with its obligations under the Protocol.

Thank you, Mr Deputy President.

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

Members' motions

HONG KONG ROYAL INSTRUCTIONS 1917 TO 1991

MRS ELSIE TU moved the following motion:

"That with effect from 5 February 1993 the Standing Orders of the Legislative Council of Hong Kong be amended -

- (1) in Standing Order No. 27(5), by repealing "A Member, other than a Member moving a motion or" and substituting "Subject to Standing Order No. 27A, a Member other than";
- (2) by adding -

"27A. Recommendations of House Committee as to time of Speaking

- (1) In relation to any motion or amendment to a motion (other than a motion or amendment to a motion on a Bill) to be moved at a sitting of the Council, whether or not the motion or amendment has at the time been placed on the Order Paper, the House Committee may recommend -

- (a) that the mover of the motion should not speak for more than a specified number of minutes (such period to be inclusive of any speech in reply under Standing Order No. 28(3));
- (b) that the mover of an amendment to the motion should not speak for more than a specified number of minutes; and
- (c) that other Members (except ex officio Members) each should not speak for more than a specified number of minutes.

(2) Where the House Committee so recommends under paragraph (1) the Chairman shall cause the President to be notified in writing of the Committee's recommendations.

(3) Any recommendations of the House Committee under paragraph (1), if accepted by the President (in which event he shall so inform Members as soon as practicable prior to calling upon the Member to move the motion), shall be binding upon all Members other than ex officio Members and the President shall direct any Member speaking in excess of the recommended specified time to discontinue his speech."

MRS ELSIE TU: Mr Deputy President, I move the motion standing in my name on the Order Paper.

In the 1991-92 Legislative Council Session, we completed a series of reviews on procedural matters in relation to Legislative Council business with a view to enhancing the efficiency of the Council. As a result of the reviews, amendments have been made to the relevant Standing Orders, and in addition a set of House Rules has been drawn up as self-disciplinary guidelines. These guidelines have so far been well observed and pretty successful in achieving better management of the question time and motion debates held in the Council. With Members' co-operation to limit the length of their speeches, we have been able to keep our motion debates within a reasonable duration between two to three hours.

As a further step to ensure better control of the duration of motion debates at sittings, the House Committee has agreed that the Deputy President, or in future, the President, should be given proper authority under Standing Orders to limit the time of Members' speeches, taking into account the

recommendation of the House Committee. To effect the House Committee's decision, I now propose to amend Standing Order 27 of the Legislative Council.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

KINDERGARTEN EDUCATION

DEPUTY PRESIDENT: Before we proceed to the motion debate on kindergarten education, I would just remind Members of the decision of the House Committee, which does not as yet have the force of law, that the normal rule will apply to this debate, which is that the mover of the motion will have 15 minutes for his speech including reply and other Members will have seven minutes.

MR CHEUNG MAN-KWONG moved the following motion:

"Since kindergarten education is of vital importance to the development and growth of young children, this Council urges the Government to increase its commitment to kindergarten education, including expanding the fee remission scheme, subsidizing kindergarten teachers' remuneration, and bringing kindergartens into the scope of subsidized education eventually, so as to improve the quality of kindergarten education and afford fuller attention to young children."

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, basic education is the most neglected part of Hong Kong's education system. Within basic education, kindergarten education is the most neglected element, having never received proper help, not even the least attention, from the Government. It is just like an abandoned child. During 1991-92, total government spending on kindergartens amounted to some \$120 million and accounted for a mere 1% of the education budget. The Government's annual funding for kindergarten education increased by only 0.1% over three years. We can thus see the paucity of funding for, and the wretched conditions in, Hong Kong's kindergartens, which hire 8 000 teachers and provide an essential phase of education to 200 000 children. This is indeed the biggest flaw of, and a disgrace to, Hong Kong's education system.

Even more than the drastic funding shortage, the quality of kindergarten education is a cause for concern. Mr Deputy President, traditional Chinese thinking, even in modern-day Hong Kong, sets much value on education and holds it to be of paramount importance. There is more. Hong Kong families, who have been emphasizing fewer but better children, now expect education to do more to prepare their young ones for the useful lives that they will lead. Primary, secondary and tertiary education in Hong Kong are all subsidized by

the Government and so their quality has improved steadily. Yet, despite the extreme importance of kindergarten education as the young child's first initiation into the world of learning, the Government is giving it no subsidy at all but is treating it with indifference and letting it drift on its own. This drastically inhibits the qualitative improvement of kindergarten education, contrary to the wishes of parents and of the community as a whole. It must change.

Three major contradictions are found in Hong Kong's kindergarten education at the present time.

The first is the extremely expensive tuition fees that parents have to pay. Parents have to pay out of their own pockets because the Government does not subsidize kindergarten education. For each child going to a non-profit-making kindergarten, the parents last year paid about \$4,000 or \$8,000 in tuition on average, depending on whether it was a half-day or a whole-day kindergarten. Kindergarten tuition was thus a heavy expense for the family. Among the nearly 200 000 children in kindergartens, only a pathetic 10 000, or about 6% of the total, were eligible for partial or full financial assistance.

Mr Deputy President, a major explanation as to why kindergarten education is not receiving government subsidies is the Government's insistence that it is non-essential. Such government thinking is wrong in theory as well as in practice. Many psychologists and educators are of the view that if a child is given sound and proper education plus appropriate exposure during early childhood when development is at its fastest, it will enhance the child's self-confidence and sense of achievement and lay a solid foundation for subsequent development. From a practical angle, 99% of Hong Kong's children in the relevant age group are going to either kindergartens or child care centres. Those who are left out of this phase of education will simply be unable to cope with life as primary school students later on. The Government, in stressing that kindergarten education is non-essential and in consequently refusing to subsidize it, is either acting out of ignorance or trying to dodge its responsibility. The Government is acting like an ostrich that buries its head in the sand and pretends that the problem, which it does not see, does not exist. The Government is ignoring the pleas of the community as well as the cries of kindergarten teachers.

The second contradiction is the extremely shameful pay of kindergarten teachers. Because tuition is so expensive, parents have to be choosy. In considering their choice of a kindergarten for their children, many parents give overwhelming weight to how much it charges for tuition. As a result, kindergartens are afraid to raise tuition fees sharply. They are afraid that fee increases, though needed to improve teachers' pay, will scare away many pupils. The only way for the under-funded kindergartens to survive is to keep their teachers' pay low. Half of the kindergarten teachers are now paid less than the amount specified by the Government. Some are paid just a little over \$3,000 a month. Mr Deputy President, how can kindergarten teachers live on such

meagre income? How can they hide the strains of day-to-day survival even as they keep cheerful smiles on their faces and go about teaching children how to draw the rainbow that the children see in their mind's eye?

Mr Deputy President, I will never forget what happened around me once upon a time. It was two years ago. My daughter was still in kindergarten then. One day, when she came home, she told me that one of her teachers had quit teaching for reasons unknown. That same evening, when I took my daughter for a walk in a shopping centre, we saw the teacher. She was working there as a salesperson selling blankets. My daughter was very surprised. She simply could not understand why the teacher gave up teaching to become a salesperson. But I knew why. It was the pressure of survival. It forced the teacher to make a realistic choice, to give up her career ambition, to walk away from a group of cute little children.

The third contradiction is the reluctance of kindergarten teachers to receive teacher training. Poor pay, hard work, the pressure of the community's high expectations and the absence of a good career prospect are the reasons why kindergarten teachers are not motivated to spend a lot of time on receiving professional training. More than half of the kindergarten teachers today have not received even rudimentary professional training. The number of kindergarten teachers participating in training programmes has increased by only 1.7% over the past two years. What is even more disturbing is that the trainees, after finishing the course, are mostly hired as replacements for teachers who have quit. Nor can the teachers be blamed for quitting. The fault lies with our congenitally defective pay system, which does not motivate kindergarten teachers to settle on kindergarten education as their preferred life-long career.

Mr Deputy President, kindergarten teachers as a group are probably the youngest of all occupational groups in Hong Kong. Their youthfulness, while it imparts youthful vitality to their occupation, also means that the occupation is unable to keep people. Many young people were full of hope when they first joined this occupation. In the end, they walked away in disappointment. Consequently, this important function of initiating small children into the world of learning has to be performed mostly by young people who have completed just Form V or even Form III. The best interests of the small children are not served. To the young and eager teachers themselves, the task is a heavy but thankless burden.

Mr Deputy President, summing up the three major contradictions, one can come to only one conclusion. It is that the quality of our kindergarten education will hardly ever be improved. Something must be done about this problem. The Government is now considering legislation to require kindergartens to hire a minimum percentage of qualified teachers. The hope is that market forces will then work to raise the pay of qualified kindergarten teachers. This is a good intention, but it may have bad side-effects. The matter must be looked at properly.

To pay the salaries of the qualified teachers that they must hire, kindergartens will be forced to raise tuition fees. They may raise the fees sharply, thus passing all of the higher costs on to parents. The parents, whose burden will grow heavier still, will then object and resist, directing their displeasure first against the kindergartens and then against the Government. Clashes will be very likely.

Kindergartens will most probably not raise fees so much as will make parents unhappy. They will limit the raise. Then, the qualified teachers will be paid only the specified minimum wages. When a kindergarten teacher is due for a pay increase based on experience and seniority, the kindergarten will have to replace her with a new person so as not to upset the budget. This will not be in the best interests of pupils or teachers. A marked improvement of the quality of kindergarten education will remain beyond reach. Things will remain in a vicious circle, from which there is no escape.

Mr Deputy President, to break this vicious circle, the only thing that can be done is for the Government to bring kindergarten education gradually into the scope of subsidized education. By gradually, I mean that the Government will expand its commitment to kindergarten education step by step until finally it is subsidized and supervised by the Government as primary and secondary educations already are. In this way, the good quality of kindergarten teachers can be assured. The process will be very long drawn-out. I suggest that it be divided into three phases.

During Phase One, legislation is to be enacted making it compulsory for kindergartens to hire a minimum percentage of qualified teachers and to pay them the government-specified salaries plus annual increments. Meanwhile, the fee remission scheme is also to be expanded and kindergarten teachers' remuneration is to be partly subsidized. Kindergartens will then be able to comply with the new law without having to raise their tuition charges and add to the burden of parents.

During Phase Two, after the Government begins assuming responsibility for kindergarten education, a number of government kindergartens are to be set up in a pilot programme. At the same time, incentives are to be used to encourage more non-profit-making agencies to start kindergartens. Government kindergartens, subsidized kindergartens and private kindergartens will then exist simultaneously. Friendly competition will help to improve the quality of all.

During Phase Three, after assuming responsibility for the funding of a large and growing part of kindergarten education, the Government will have reason to want to exercise reasonable supervision over the subsidized kindergartens. Supervision is to cover the quality of teachers, course planning and classroom activities.

It can be exercised through the enactment and enforcement of regulations, same as in the case of subsidized primary and secondary schools. Finally, kindergarten education is to be totally subsidized. Thus, all small children will be able to receive full kindergarten education of a high quality.

Mr Deputy President, as I said earlier, kindergarten education is children's first initiation into the world of learning. I mean that kindergartens give children the preliminary and fundamental knowledge. As children grow up and become adults, they may have gone very far, climbed very high and greatly broadened their horizons. Still, they should look back and remember their first kindergarten teacher gratefully for teaching them the first written word, the first song and the first fact of life. These provided the foundation on which they have gone farther, climbed higher and more greatly broadened their horizons than would otherwise have been possible.

Therefore, as we look back on our own growing-up process and on our own kindergarten education, we should feel not only gratitude but also a sense of duty to enable the next generation to receive from a sound kindergarten education system the benefit of a richer and more pleasant childhood and the benefit of increased knowledge of the whys and wherefores of things. Today, Mr Deputy President, when I ask everybody to support the motion on subsidization of kindergarten education, I am calling for a reaffirmation of what is an extremely important, but also the most neglected, element of basic education. Kindergarten education should be given new hopes and a new life. I am convinced that children of the future will derive pleasure, happiness, knowledge and strength from our decision today.

Mr Deputy President, with these remarks, I move the motion.

Question on the motion proposed.

MRS SELINA CHOW: Mr Deputy President, more than anyone else I am only too aware that I might run the risk of sounding like a broken record today when pressing the points that I feel strongly about regarding kindergarten education. For over the years I have repeatedly reiterated my views on the subject, first as an interested parent in the early 1980s and later as an involved member of the Education Panel and the Education Commission.

The Administration has remained strangely immune to the aspiration of the community in this respect taking unfair advantage, in my view, of the patience of parents and the sense of self-sacrifice of the education workers in this sector. It would be quite meaningless to argue over semantics of whether kindergarten education is desirable or essential. The fact remains that over 90% of three to five-year-olds, totalling 190 000 children, attend kindergartens. It reflects an overwhelming recognition on the part of parents of the need to send their children to kindergarten whatever their reason may be. The Administration must accept this fact and readjust their priorities accordingly.

The vicious circle that continues to haunt early childhood education is the lack of recognition of kindergarten educators as professionals. There is neither the requirement, nor the incentive, for training to be given and standards to be met. The Government has not the will to be involved and relies on the goodwill and voluntary efforts of the private sector. There seems also to be the reluctance to take on the financial burden that involvement might entail.

Those of us who have served on the Education Commission are only too aware that the inclusion of this sector in the Education Commission Report No. 5 owes nothing to the initiatives of the Administration. What was recommended only came about on the acceptance of financial constraints on the part of the non-official members.

I have already said in the Council that in view of the very healthy financial position we are in today there are no more excuses not to advance the programme put forward in the Education Commission Report No. 5. In other words, the legislative framework to obligate a phased increase in the percentage of trained kindergarten teachers must come into effect as soon as possible, latest by 1994, commencing with 50% and progressing yearly to a 100% within a realistic timetable. At the same time the salary scale for trained teachers would have to be mandated to provide the necessary incentive for teachers to go forward for training.

The fee remission scheme must also be brought into line on the same timetable so that by the time the legislation for the prescribed percentage of trained teachers is enacted, the scheme should be on par with that of the senior secondary scheme.

Most parents regard kindergarten education as equally necessary as, if not more necessary than, senior secondary education for their children. There is therefore no justification for only 6.4% of them to be financially assisted on the lower level, while 31.4% of them are subsidized on a higher level. The other key discrepancy should also be done away with and that is, just as for senior secondary, kindergarten parents should enjoy half or full fee remission and not one-quarter or three-quarters. When this scheme was first introduced the procedure was so complicated that a lot of eligible parents were deterred from applying. I understand the process has been made simpler. However, in the Education Department 12 officers are servicing this scheme while only five service the senior secondary scheme where both the overall population and the eligible proportion are greater in number. This may reflect an unnecessary complication of the kindergarten scheme or an inefficiency of the procedure. Either way, it needs to be addressed.

May I now move to a broader plain? From the perspective of enhancing kindergarten education service as a profession, the Administration must be much more prepared to take a long-term view. There have been calls in the community for a co-ordinated effort to upgrade the quality of kindergarten education by establishing the proper mechanism to co-ordinate the training and

research of initial as well as in-service teachers and the supervision and development of curriculum. This would require the introduction of appropriate teacher training courses in our tertiary institutions, the inclusion of this aspect of curriculum development under the ambit of the Curriculum Development Institute and the establishment of a resource centre designated specifically for early childhood education. The last suggestion would have been done on the recommendation of the Education Commission Report No. 2, if not for backtracking on the Government's part. I urge that these views be given serious consideration and implementation.

Currently the overlapping of enrolment of children between two and six by nurseries and kindergartens has resulted in the unclear delineation of authority and responsibility between the Education Department and the Social Welfare Department. I support the proposal forwarded by the education and social sectors that a clear line should be drawn according to age so that kindergartens should take in children between four to six and nurseries children below four so as to clarify this rather unsatisfactory situation.

Mr Deputy President, I support the motion.

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, I think that the importance of pre-primary education is beyond doubt. Many developed countries owe their superior accomplishments in all areas of intellectual endeavour to the great importance that their governments consistently attach to pre-primary education. Some of these governments regard pre-primary education as a basic human right. We can thus see how the governments and the people in these countries approach their commitments to the future of their societies.

Regrettably, the Government in Hong Kong always responds indifferently when members of the public mention the necessity of kindergarten education. The Government is taking no direct part in the provision of kindergarten education; it is even averse to helping non-profit-making agencies in operating kindergartens. What is the Government doing to help? Well, there is the subsidization of kindergartens' payment of rents and rates. Apart from this, there is only the fee remission scheme for parents. But the beneficiaries of this scheme, who have to meet very harsh conditions, receive only a low level of relief. The scheme benefits only 8% of all the children in kindergartens in Hong Kong. No wonder that kindergarten education is receiving in the present financial year a total funding that amounts to only \$129 million and that accounts for 1.1% of the overall education budget. This negligible amount of funding shows that the Government is willing only to make a symbolic commitment to kindergarten education. One ought indeed to feel ashamed.

The Education and Manpower Branch has declared again and again that kindergarten education is non-essential. Yet, according to the Education Department, more than 85% of Hong Kong children in the three-to-five age

group are in kindergartens. This clearly shows that a vast majority of the families find kindergarten education essential. However, because the Government is averse to subsidizing the agencies that operate kindergartens, it is not hard to imagine that tuition charges, which rise in tandem with consumer prices, are a heavy financial burden on the average family, particularly the average middle-income family. An even more serious matter is that some of the better kindergartens have gradually become the "special preserve" of children from wealthy families. This is contrary to the principle of fair education opportunities for all.

I can understand why the Government is averse to directly subsidizing the agencies that operate kindergartens. Still, the Government should never shirk its responsibilities in the areas of teacher training, teachers' pay and assistance to parents. I think that, if the difficulties faced by kindergarten education are to be fully resolved, the Government should play a more effective subsidizing role in two ways.

Firstly, the Government must improve the present fee remission scheme. For instance, it can reasonably relax the upper income limit of a family to qualify for assistance under the scheme; it can also adjust the points system to benefit a larger number of needy families. The purpose is to enable kindergartens to adjust their tuition charges reasonably, thus finding the means to hire more and better teachers and to provide a better classroom environment. Thus, the quality of kindergarten education will be upgraded generally.

Secondly, something can be done to help teachers. At present, kindergarten teachers' jobs are insecure and they are paid less than cashiers in supermarkets. Consequently, only a small number of people want the job. The lack of training and advancement opportunities causes another serious problem, which is that many kindergarten teachers quit their jobs. This greatly affects kindergarten education. I think that the Government should take up the responsibility for teacher training. In fact, as far as I know, if only the Government gives the go-ahead and makes a funding commitment, some experienced institutions will be able to conduct on-job training courses for kindergarten teachers.

Additionally, the Government should set a reasonable subsidy ratio and directly pay the salaries of kindergarten teachers who are qualified by training and experience. If this is not done, all training plans and efforts will come to naught, because in the end they will be all wasted in the absence of pay incentives from the Government.

Over the long term, the Government should actively involve itself in kindergarten education and make a bigger commitment both in policy and in funding. This is the only way to achieve full result in improving the quality of kindergarten education, thus providing the best safeguard, and laying a solid foundation, for Hong Kong's long-term economic prosperity.

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

MR SZETO WAH (in Cantonese): Mr Deputy President, "amendment" is in fashion, but the present motion is totally immune from this fashionable trend. Nobody is proposing to amend it. This shows that its substance is something on which "all minds meet and all arguments come to the same conclusion." I believe that the motion definitely will be passed, perhaps even unanimously with not a single nay. If this indeed happens, we will have an extremely rare example of a consensus in this Council. The Government then should absolutely not turn a deaf ear and dismiss the carried motion. On the contrary, it must translate the motion into a concrete policy and then carry it out.

Kindergarten education is the foundation of foundations of education in its entirety. It is the first step in one's life-long journey of learning. I am sure that all colleagues in this Council, however their political persuasions may differ, attach importance to the upbringing of the next generation and to the upgrading of the quality of kindergarten education and want the authorities to make a greater commitment to kindergarten education. I call on all colleagues in this Council, including the three official members, to vote aye.

There were times in the past when I voted against the Budget on the ground that it neglected kindergarten education. In his first policy address, Governor Chris PATTEN referred to an extra \$1.6 billion in funding for education over the next five years. But kindergarten education was to receive only \$37 million of this amount, or only 2.3% of the total. Clearly, the Government's neglect of kindergarten education is an attitude that has not changed. The Budget for the next financial year is about to be announced. The United Democrats of Hong Kong will be watching it closely to see if the present motion is reflected in the proposed funding for kindergarten education.

The Budget surplus for the present financial year is expected to be unprecedentedly large. This unprecedentedly large surplus all comes from the blood and sweat of the people of Hong Kong. It is the most natural thing in the world that their blood and sweat should be used to provide better kindergarten education to their next generation, is it not?

Since assuming office, Governor PATTEN has been trying very hard to project a close-to-the-people image. Every time he went out on inspection tours, he played with children and tried to make them talk to him. He even held them and kissed them. I feel that this is not as expressive as making the Government change its age-long policy of neglecting kindergarten education and accept the present motion's idea of subsidization of kindergarten education, if it is his intention to show his love for the next generation.

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

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, every person has a childhood. Every child wants a happy childhood. Now, do our children today have a happy childhood? The answer, I am afraid, is becoming increasingly uncertain.

Parents should teach their children well. This is beyond doubt. Now, the reality is that, in more and more families, both parents are going out to work. Therefore, kindergartens are more heavily relied upon and their responsibilities have grown heavier.

Government officials say that kindergarten education is non-essential. But what I think is this: Kindergarten education will really be unnecessary if we have to be content with the kind of kindergarten education that is now generally available in Hong Kong. But good kindergarten education is what every young child should have.

Look at the kind of education that our small children are receiving. There is no ample space for their activity. There are not enough teachers to look after them. There are not many new things to stimulate their minds or for them to learn. On the other hand, there are many difficult words for them to remember by heart and to learn to write. There is a heavy load of homework that they must do, writing with heavy pens. What kind of happy childhood is this? Is this, then, the kind of environment in which our next generation is to grow up, the kind of environment that our community, whose economic successes make us so proud, is to provide?

Teachers find that today's students lack imagination, lack originality, lack interest in studies, lack a capacity to appreciate things of beauty and lack uninhibited initiative. Some young people are even finding life not worth living. They have nothing in this world that they will miss. They have nobody in this world that they will miss. The fact that they are like this has very much to do with the way in which their earlier childhood was shaped.

Therefore, it can be said most problem youths had an unfortunate childhood. Kindergartens are where a person's social participation began. Therefore, they should provide many opportunities for meeting teachers and other children. Kindergartens are also where a person's search for knowledge began. Therefore, they should provide many opportunities for asking, and finding answers for, thought-provoking questions. Kindergartens are usually where a person's taste for things of beauty was first formed. Therefore, they should provide ample opportunities for getting in touch with fine arts, with good music and with Mother Nature. More importantly, kindergartens are where a person began the formative process. Therefore, they should be lively and interesting places. Heavy indeed are the responsibilities of kindergarten teachers, under whose guidance children take the first step in the journey towards adulthood. But we are embarrassed by the low status and the low pay of our kindergarten teachers.

I would not want to think that investing more resources is the only way to correct what is wrong with kindergarten education. Nor would I want to consider the question of resources in isolation. Undoubtedly, investing more resources is a very basic requirement. But the really critical question is what degree of importance kindergarten education receives in the Government's policy consideration. The investment of resources must be supported by an overall plan for pre-primary education. There should be a clear objective, a guideline on class programmes, an effort to improve the quality of teachers and a meeting of the mind between parents and academia as a whole on how kindergarten education should be conducted. Only this will produce a high-quality kindergarten education.

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

MR ALBERT CHAN (in Cantonese): Mr Deputy President, in a civilized society in which human rights are respected, everybody should have an opportunity for, and a right to, education. People receive education so as to become intellectually developed. This is what makes society advance. It is the obligation of a government to invest in human resources, in preparing useful citizens of the future. Universal education is essential for the good of the future society. Kindergarten education is a very important element of the education system as a whole.

There is the saying: "What one is at the age of three determines what one will be at the age of 80." Psychologists say that children before four have infinite development potential and that this is the time that must be seized to guide children's mind development, which is then at its fastest. In fact, how a child will grow up depends on the environmental stimulation and the education to which he is exposed during the first few years of his life. If the opportunity is missed, it is wasted, nor can the damage be repaired.

Pre-primary education lays the foundation for a child's growth. It has a huge impact on the development of small children's physiology, intellect, language ability, emotion and social skills. Governments everywhere pay great attention to kindergarten education. But the situation in Hong Kong is way behind; it is also marked by prolonged deliberate belittlement of this aspect of fundamental education.

The Government's subsidies to kindergartens are limited to the payment of rents and rates and a fee remission scheme whose benefits are available to the parents of only a tiny number of pupils. The relevant funding accounts for only about 1% of the total education budget. Such negligible subsidies do not add up to a financial commitment. The Government's indifference makes it impossible for the quality of kindergarten education to be assured. The result is the poor pay of kindergarten teachers. People do not find this occupation attractive; trained kindergarten teachers tend to quit their jobs. Meanwhile, in the absence of supervision by the Education Department, different kindergartens follow

different standards in designing courses, in providing facilities and in recruiting teachers. Worse yet, parents are made to bear most of the operating costs of kindergartens, while beneficiaries of the fee remission scheme are very few. Many needy families cannot send their children to preferred kindergartens or to any kindergarten.

The Government has single-handedly put kindergarten education in a blind alley from which there is no escape. It must undo what it has done. To improve the quality of kindergarten education, the only thing that can be done is to increase subsidies and expand the financial commitment. Firstly, the Government must expand the fee remission scheme to lighten the burden on parents. Secondly, it must subsidize the salaries of qualified kindergarten teachers, more of whom can then be motivated to receive training and remain in their jobs. In the long term, however, the Government must make a comprehensive policy for kindergarten education and gradually bring kindergarten education into the scope of subsidized education.

Kindergarten education is a tight knot that can be gradually untied only if the Government is willing to subsidize kindergartens directly and fully. Hong Kong's small children will then be better looked after. After the Government assumes responsibility for pre-primary education, it can lay down policy requirements that will assure the good quality of kindergarten teachers and kindergarten education. Then, teachers will be able to receive pre-job and on-job training; kindergarten courses will be more responsive to the needs of Hong Kong's children. The Education Department will as a result be in a position of power to supervise the operation of the kindergartens, to make sure that they use the right methods and that the classrooms are spacious and well equipped. More importantly, all children within the three-to-six age group, regardless of their families' means, will be able to go to kindergartens that have good teachers and are well supervised. The courses will be designed under proper guidance so that they will be suited to the age group's mental and physical needs and capabilities. As the courses will be designed under the guidance of the Education Department, they presumably will not over-emphasize book learning and will not be intellectually unexciting. Also, a uniform system of kindergarten courses will converge better with primary school courses.

Mr Deputy President, the raising of children is the charge of parents. It is no less the charge of the Government. To prepare useful citizens for society through the provision of integral all-round education is an extremely important undertaking. The sooner children are well looked after and given good pre-primary education, the easier it will be to reduce and eliminate youth problems as well as problems in primary, secondary and tertiary schools in the future. Any remedial measure will still require a huge amount of resources but will accomplish relatively little. The Government should be far-sighted enough

to make an early decision to adopt a policy of full subsidization of kindergarten education, thus doing a good turn to Hong Kong's parents and children.

With these remarks, I support the motion.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, as the saying goes, "What one is at the age of three determines what one will be at the age of 80." This saying tells us how very important kindergarten education is. Kindergarten education may not affect one's entire life, but it is very important to every child's healthy growth. Yet kindergarten education is being neglected in Hong Kong's education system today. First of all, the Government does not have a comprehensive policy for kindergarten education. All charitable organizations, religious groups and even profit-making agencies can operate kindergartens just as they please, observing their own different standards. The kindergartens operated by some so-called elite schools advertise their difficult courses and charge higher tuition fees than those charged by local universities. Yet many parents, wanting their children to be outstanding, do not mind paying high tuition fees to send them to kindergartens where they are forced to learn things that would be better taught later, in the second or the third year of primary school. Many colleagues who work with children and many child psychologists say that the important point of kindergarten education is not the teaching of book knowledge or the remembering of lessons by heart but the stimulation of the mind and the enhancement of motivation to learn, which prepare children for primary school. A woman in my neighbourhood once told me what she felt. She said that the heavy homework in the kindergarten had rendered her four-year-old child unchildlike. Yet she had mixed feelings because many kindergartens stressed the learning of difficult lessons. She feared that, if she did not send her own child to a kindergarten that stressed hard learning, the child would be unable to compete with other children when applying for "reputable" primary schools. Talking to this neighbour, I found her to be a typical mother who wanted her child to be outstanding. More importantly, I find that the present education policy gives no thought at all to kindergarten education, no thought about courses, fees or teachers. This is why we are having all kinds of kindergartens, some good and some bad. The ultimate victims are the next generation.

As I said earlier, kindergarten education is important for children's growing-up process. Therefore, it is very important to have trained and qualified kindergarten teachers. However, though the teaching profession is a service profession and is a very important human resource, the Government is not subsidizing kindergarten teachers' pay. Nor does regulation require kindergartens to hire a minimum percentage of trained teachers. The result is that many kindergartens, in order to cut operating costs, hire as few trained teachers as possible. Experienced teachers are therefore unable to keep their jobs. This explains why there are good and bad kindergartens.

The kindergartens operated by self-styled elite schools charge very high tuition fees. Many parents do not mind paying them. They send their children to these kindergartens in the hope that they will later be able to enter "reputable" primary schools. On the surface of it, it seems that we have a free marketplace, where fair deals are concluded under an operative price mechanism. Still, kindergarten education is too important and useful to society to be left to itself. In fact, the Government's present total disengagement provides sharp businessmen with one more opportunity to make money and increases the burden of parents.

We want high-quality kindergarten education. For this, an important condition is the better quality of teachers. The Government's fee remission scheme for kindergarten pupils is also indispensable if children from low-income families are to be able to receive kindergarten education of similar quality. To do otherwise would be to discriminate against the children of low-income families with regard to education opportunity. Therefore, the Government should lay down a comprehensive policy for kindergarten education and subsidize kindergarten education to raise the quality of kindergartens and kindergarten teachers to reasonable levels.

In view of the above, I support the Honourable CHEUNG Man-kwong's motion and I urge the Government to take some substantive follow-up actions after the present debate, so as not to give the members of the public and Members of this Council the impression that we just talk and talk and that the Government is unwilling to act.

With these remarks, I support the motion.

MR TIMOTHY HA (in Cantonese): Mr Deputy President, the role of pre-primary education is to serve as the foundation in the education system as a whole. I fully recognize its importance. But I will not belabour this point because other Members have already covered it.

The Government so far has not made pre-primary education a part of compulsory education. However, because of social and economic factors and because parents so wish, kindergarten education has long become the trend. Therefore, though kindergarten education is not "essential" legally speaking, it is a "necessity" factually speaking. The Government should not belittle this necessity. Instead, it should make a greater commitment to kindergarten education as required by the community. Pre-primary education receives only 1% of the Government's total education funding, while tertiary education receives the lion's share. This is like an inverted triangle. The proportions are all wrong.

Members of the public are unhappy with kindergarten education probably because of the non-uniform and generally low standards of the kindergartens. If the quality of kindergarten education is to be improved, one cannot rely on

kindergartens' self-improvement or spontaneous improvement. Government intervention is needed. In fact, the Government has already been intervening through subsidizing parents, setting pay standards and training teachers. The only question is the degree of intervention.

It is generally acknowledged that the Government's present commitment to pre-primary education is inadequate. I agree with the spirit of the motion. I agree that the Government should make a greater commitment to pre-primary education. I further agree with the first two points of the motion, which are (1) "expanding the fee remission scheme" and (2) "subsidizing the remuneration of kindergarten teachers." However, at this moment, I have some reservations about the third point, which is "bringing kindergarten education into the scope of subsidized education." The motion expresses the view that bringing kindergarten education into the scope of subsidized education will eventually "improve the quality of kindergarten education and afford fuller attention to young children." I think, however, that such an objective may not be best achieved by bringing the whole of pre-primary education into the scope of subsidized education.

Firstly, bringing pre-primary education into the scope of subsidized education will involve not only a change in the source of funding for kindergarten education but also a change in the system of pre-primary education. In Hong Kong at present, all kindergartens are operated privately. This affords the advantage of flexibility and diversity.

If kindergarten education is brought into the scope of government-subsidized education, then all subsidized kindergartens will, like the average subsidized primary and secondary school, be subject to the regulations governing subsidized schools. Their financial independence and flexibility will be curtailed as will be their freedom in buying and replacing equipment and in deciding on the establishment of teachers. Therefore, barring the surfacing of very strong evidence showing problems in the existing pre-primary education system, the best way to improve the quality of kindergarten education is not to subject kindergartens to the regulations governing subsidized schools and apply a rigid uniform standard to the operation of all kindergartens. Therefore, I think that pre-primary education should keep its flexibility and diversity. Therefore, I think that the idea of bringing kindergarten education into the scope of subsidized education should be reconsidered.

Secondly, all kindergartens in Hong Kong are operated privately, but there are two kinds of them, non-profit-making and independent. According to information that I have, there were 364 independent kindergartens in the year 1991-92, accounting for 47% of all kindergartens in Hong Kong. This is a large percentage. Almost half of the kindergartens were independent kindergartens.

Suppose that the Government decides to bring pre-primary education into the scope of subsidized education. Suppose that all kindergartens are given the freedom of choosing to join or not to join the programme. Still, I expect that most kindergartens will be forced to join in the interest of "survival." This will send a major shock wave and a tremor through the existing system of kindergarten education, which is operating effectively and smoothly.

Many independent kindergartens in Hong Kong provide facilities over and above the general standard. This should be encouraged. I fear that, if full subsidization becomes the policy for pre-primary education, the high-quality independent kindergartens will disappear. There is a precedent. Independent primary and secondary schools are now almost like "endangered species." We still have independent kindergartens now, but I fear that they, too, will disappear, sharing the fate of independent primary and secondary schools.

There are still many independent kindergartens now. Their quality is good. They have no financial problem. Their teachers are paid salaries higher than the salary suggested by the Government. This being the situation, it is really debatable whether taxpayers' money should be forced on them as a rigid form of subsidy.

The Government should make a greater commitment to pre-primary education. But it should not use legislation to set rigid restrictions on the development of pre-primary education. Rather than subsidize all kindergartens rigidly and uniformly, the Government should continue subsidizing parents and take the further step of subsidizing the salaries of some of the teachers. This will lighten parents' burden on one hand and improve the quality of kindergarten education on the other.

Mr Deputy President, today's motion seeks to extend benefits to more parents or to increase the amount of the benefit being enjoyed by recipient parents. I am in favour of this. However, I still have reservations about the idea of rigidly bringing kindergarten education into the scope of subsidized education.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, some people regard education spending as social welfare spending. Yet there is a lot of evidence to show that, in any given region or area, economic growth is closely related to how well the people are educated. Take the recent decades for instance. The trend of changes in the global economic structure and employment structure has been in the direction of an increasing emphasis on quality, choice and timeliness in the provision of goods and services. As a result, there is a greater demand for brain power than for physical power and the economic competitiveness of a nation is determined by how well educated its working population is. Therefore, we should acknowledge that education spending is an investment in human resources and a step in economic development. We should reasonably apportion our education spending with a

view to "putting money to the best use". We should also probe the potentials of educational institutions and give them full play to enable these institutions to discharge their role fully.

From the angle of cost-effectiveness and the angle of investment in human resources, is kindergarten education a luxury or a necessary social commitment? Beginning during the 1970s, medical studies established that there was a critical phase in the development of the human brain. For a time after birth, brain cells begin linking together to form networks, which then become systems controlling different body functions. Proper stimulation during this sensitive period of development will cause the brain cells to form fuller and more complex networks and the brain to become sounder and more efficient. On the other hand, if this period passes before stimulus is applied, certain functions will never be possible. Let me give an example. If you let a new-born cat look at nothing but vertical lines, then, after some time, the cat will be totally unable to discern horizontal lines. We now know, in the cases of many kinds of animals, how long the critical phase of brain development lasts. Though we do not know how long it lasts in the case of human beings, many scientists nevertheless tend to agree that the moment must be seized and that human brains should be given suitable stimulus during childhood so as to promote the development of the intellect and the formation of healthy social behavioural tendencies.

The theories of the brain physiologists are in fact supported by empirical evidence. In a study in the United States, 126 children from poor families were sent to kindergartens. Nineteen years later, compared with children from similar backgrounds who did not go to kindergartens, they were shown to have a lower crime rate and to be more employable. The study concluded that, for every \$1,000 invested in kindergartens, \$4,000 could be saved from spending on tackling social problems. In France, where almost all three-year-old children now go to kindergartens, a recent survey found that children would do even better in studies and in social behaviour if schooling began at the age of two. According to a study in the United Kingdom last year, among seven-year-old children, those who had gone to kindergartens scored higher points in aptitude tests than the rest.

Therefore, looking either from the angle of development of the brain and of the nervous system or from the angle of education experience, one sees a lot of evidence showing that childhood is a critical period in human development. We must upgrade the quality of the population. If we miss the opportunity, the loss will be irreparable. To upgrade the quality of the population and uncover the gifted, we must begin with kindergarten education and thus provide a sounder physiological foundation for subsequent stages of education.

Let us now look at another macroeconomic example. Since the "Meiji reform" era, Japan has been basing its national policy on good education. This has never changed over more than 100 years. Attention to education was one important reason why Japan could rise from the ruins of World War II to become a superpower. Therefore, it will be worth our while to take a look at

Japan's policy for kindergarten education. After World War II, the Japanese Government announced a series of policies on kindergarten education, including the School Education Act, the Kindergarten Education Programme and the Basic Standard for Kindergarten Facilities. In 1964, it began a seven-year plan on kindergarten education. In 1972, it began a 10-year plan. After that, it began its third 10-year plan, under which the remuneration of kindergarten teachers and employees was raised, additional public and private kindergartens were set up, and subsidies were increased. Now, in Japan, 95% of all children between the ages of three and five go to kindergartens. After many years of effort in teacher training to fill positions in, and improve the quality of, kindergarten education, higher standards are now set for kindergarten teachers who are eligible to receive qualifying diplomas. Now, in Japan, 94% of all kindergarten teachers are graduates of tertiary institutes. In 1981, education spending accounted for 7.2% of national income in Japan and spending on kindergartens accounted for 3.8% of education spending.

Now, in Hong Kong, 85% of children in the relevant age group are going to kindergartens. This shows that Hong Kong parents are generally aware of the importance of kindergarten education. Yet government spending on kindergartens accounts for only 1.1% of education spending, which, in turn, accounts for only 3% of GDP. These figures are pathetic compared with Japan's. Because the Government in Hong Kong does not provide pre-job training, only 44% of kindergarten teachers have received training. Evidently, the Government simply does not appreciate the importance of, and does not make a commitment to, kindergarten education.

Mr Deputy President, the preparation of useful citizens through proper education assures economic stability and social progress. The United Democrats of Hong Kong are convinced that we should attach importance to the development of the intellect during childhood and regard it as a key part of a policy on the development of human resources. This is because childhood is when physical and mental development is most rapid but yet readily amenable to moulding. We should not miss the opportunity.

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

MR SIMON IP: Mr Deputy President, the Government has repeatedly claimed that kindergarten education is not essential as justification for its policy of minimal subsidy to this sector. With respect, I do not agree.

It is widely accepted developmental theory that the experience and stimulations received in the early years of a child can greatly influence his potential capability and adult personality. First impressions are the most lasting. Studies overseas have shown that kindergarten education can and does improve a child's social skills, his IQ and future academic performance. As the children of today are our investments for the future, no effort or funding should be spared to give them the best start.

Children from less privileged backgrounds in Hong Kong are likely to receive less intellectual stimulus from their working parents. This is merely a side effect of our successful economy which produces full employment and a tight labour market. It is not a symptom of uncaring parenthood. These underprivileged children are, therefore, in greatest need of an equal start with their more well-off counterparts. Proper care and stimulus will provide them with a solid foundation for development and lessen delinquency and behavioural problems as they progress to adolescence.

For these reasons, the Government should increase its commitment to kindergarten education by enhancing its quality and making it affordable to every family. I shall now examine various policies that should be taken.

Firstly, kindergartens should employ more qualified teachers. Following the recommendation of the Education Commission Report No. 5, the Director of Education recently announced that kindergartens will soon be required to employ a minimum proportion of qualified kindergarten teachers. While this long-awaited decision is to be welcomed, I believe there should be a longer-term plan to spell out an increasing proportion in the coming years in a progressive manner.

In order to attract more qualified teachers, employment terms will need to be enhanced. In the long run, kindergartens should be brought within the scope of subsidized education. As a first step, the Government should offer realistic financial support to both parents and kindergartens, by substantially improving the fee remission scheme and partially subsidizing the salary of teachers.

Next, the training of kindergarten teachers should be improved. I am concerned with the result of a survey conducted by the University of Hong Kong, which shows that graduates from available courses generally found them to be of little relevance to real life situations with which they have to deal. Even in the most popular segments of these courses, such as child psychology and development, teaching methods and child care, only a modest 25% of the graduates rated them as useful, while many other segments were rated as of little usefulness. In the light of this survey, the Education Department and the future Institute of Education should conduct a thorough review of the efficacy of these courses and improve them where desirable or necessary.

Lastly, the kindergarten curriculum and teaching methods need attention. Some traditional methods which are performance orientated may need review as being inappropriate for children of a very tender age. Skills like reading and writing are being expected of children as young as three or four. Homework and examinations are set extensively. These activities exert an undue stress on children of that age and can produce detrimental long-term effects.

The crux of this problem is that too many parents regard kindergartens as a stepping stone to enrolling their children in reputable primary schools. Kindergartens thus respond to parents' demands and expectations by designing their curricula accordingly. This problem cannot be solved unless parents and teachers change their attitude and allow their children to develop their personalities, their curiosity and their creativity through play and experimentation. The Education Department can take a lead in developing new attitudes on kindergarten education.

Hong Kong will benefit from a comprehensive set of policies on kindergartens based on sound educational grounds, followed by financial commitment on the part of the Government to carry them out. We must not forget that children are our future and, in closing, I quote from MILTON's *Paradise Regained*:

"The childhood shows the man, as morning shows the day."

Mr Deputy President, with these words, I support the motion.

MR ERIC LI (in Cantonese): Mr Deputy President, I believe that I should declare my interests. I am a director of a non-profit-making kindergarten and, like the Honourable CHEUNG Man-kwong (who probably does not know it), an honorary president of the Hong Kong Association of Kindergartens. I am totally in agreement with Mr CHEUNG Man-kwong's views concerning the need for reform and what the major thrust of the reform should be. In the following, I will add some comments on teacher training and methods of subsidization.

Kindergartens are undoubtedly the most basic part of the education system. They enable children in the three-to-six age group to acquire rudimentary knowledge systematically. They develop the intellect of the children and teach them about self-expression and about group life and discipline. If the correct teaching methods are used, kindergartens will lay a solid foundation for the children moving on to the phase of primary education. To achieve these educational objectives, there must be a group of professionally trained people to do the work. If the work is left to others who pretend to be qualified but are really not, the various objectives will become unattainable from the futility of the endeavour. As the Honourable Simon IP said a moment ago, if the quality of education cannot be assured when children are taking their first step, they will develop resistance to the improper teaching methods. Whether kindergarten education is necessary is no longer the point at issue. The point is that, because so many children are already receiving kindergarten education, if they are taught improperly, the effects and the problems will remain unless and until they are corrected in primary school.

Kindergartens differ from primary schools in the way they teach and look after children. The Government has to lay down a separate system for kindergarten teacher training. Kindergarten teachers are to be trained systematically until they receive diplomas or degrees. They will then, as members of a professional group, have the professional knowledge and management skills required by their special work. In fact, in 1981, a White Paper on primary and pre-primary services already recommended the establishment of a "Pre-school Teacher Training Institute" to train staff for creches and child care centres. Regrettably, the idea was never put into practice. The Education Commission Report No 5 then dropped the idea. I hope that the Government will give fresh thought to the establishment of such an institute to train a number of high-quality pre-school teachers.

Secondly, I would like to talk about the method of subsidization. The Honourable Timothy HA has already made some comments about this, and I agree with most of them. The nine-year free primary and secondary education system has been in effect for more than 10 years. This mode of full-scale subsidization has indirectly led to unfair competition for private schools and created difficulties for the operation of private schools. Almost all private primary and secondary schools have now gone out of existence with the exception of some international schools. As Mr HA said, almost all kindergartens are now operated by private agencies and many of them are well run. When considering the method of subsidization, we should first take note of the systemic differences between kindergartens on one side and primary and secondary schools on the other. We should allow kindergartens sufficient room for development. Further, we may even assist the private agencies in their development. They are to grow together with the non-profit-making agencies. Then, friendly competition will be maintained and parents will have a choice. I believe that the most feasible and most effective way is to carry out gradually a plan of direct subsidization that does not discriminate against profit-making kindergartens and that will help to upgrade the quality of kindergarten teachers.

With these remarks, I support Mr CHEUNG Man-kwong's motion.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, the saying that "it takes ten years to grow a tree, but a hundred years to educate a man" fully illustrates the importance of basic education. If basic education is not well provided, it is just like placing a triangle upside down as suggested by the Honourable Timothy HA, which will easily topple at any time. The former Governor Lord WILSON always concentrated on producing more university and post-secondary students for Hong Kong by channelling massive resources into tertiary education, with a view to creating an entirely pillar-free "city in the sky" for the territory. It is obvious to all that the quality of our students is rapidly declining. In fact, there is no better way to train and bring up talents for Hong Kong than to do our best in basic education. This depends entirely on the Government's commitment to kindergarten education.

In Hong Kong, the vast majority of parents will send their children to kindergartens to receive education. According to statistics provided by the Government, there were about 200 000 children aged from two to six receiving kindergarten education each year between 1989 and 1991. This illustrates the importance parents and members of the public attach to kindergarten education.

The main reasons why parents send their children to kindergartens for education are:

- (1) As most families have working parents, they find it difficult to spend the whole day on keeping their young children company and educating them. So they send their children to kindergartens.
- (2) Parents hope that their children can get more systematic and enlightening education at kindergartens where group activities will help develop interpersonal relations.
- (3) An unwritten kindergarten system has been shaped in the community. Many primary schools are assuming that most students have received kindergarten education and parents are feeling anxious that without kindergarten education their children may have a weaker foundation as far as their learning capacity is concerned, and will therefore find it more difficult to cope with Primary I curriculum and stand no chance of being admitted into better primary schools.

Many experts have pointed out that enlightening pre-primary education is of vital importance to the growth of children and, given Hong Kong's actual circumstances, kindergarten education has practically become an integral part of basic education for all children. Therefore, kindergartens should be completely brought into the scope of subsidized education so as to guarantee the quality of kindergarten education.

The expansion of the Kindergarten Fee Remission Scheme is a task of top priority at the present moment, which should be undertaken by the Government to protect children from being deprived of the chance to receive kindergarten education for economic reasons, as well as to prevent low-income families from bearing the heavy economic burden because of the need to pay expensive kindergarten fees. For a four-member family, full remission is only granted if the household income is below \$3,600; for households earning between \$3,601 and \$4,500, there is a 50% reduction in fees whereas families with a household income of over \$6,400 do not get any remission at all. Statistics show that less than 11 000 students of Hong Kong's 200 000 kindergarten students (representing only 5.7%) can benefit from the scheme. It is obvious that such a fee remission scheme can hardly cater to the needs of the community.

Statistics also show that the median annual fees for non-profit-making and private whole-day kindergartens are \$8,094 and \$10,012 respectively whereas those for non-profit-making and private half-day kindergartens are \$3,960 and \$4,716 respectively. For a four-member family with two children attending whole-day kindergartens, the school fees are in the region of \$1,600 to \$2,000 (calculated on the basis of 10 months a year) each month. And for children attending half-day kindergartens, the monthly school fees are \$800 to \$900. To those families which cannot obtain any benefit whatsoever from the fee remission scheme, this is definitely an extremely heavy burden to bear.

In order to reduce the burden of low-income families, the Government should considerably expand the Kindergarten Fee Remission Scheme by extending the benefit to more families and raising the level of remission. This should serve as a starting point for increasing subsidies to kindergarten education so that such basic education which is indispensable in Hong Kong can be gradually put on the right track and the quality of education can be improved accordingly.

Although Government officials have talked about expanding the fee remission scheme on several occasions, no concrete plans have yet been announced. Should the Government continue to adopt delaying tactics or allocate just a little more funds merely for show, the vast majority of parents will still have to pay huge school fees and as a result of fierce competition, kindergartens cannot but bring down their costs and reduce the remuneration for kindergarten teachers. In such circumstances, we cannot expect kindergarten education to be able to obtain the resources it needs for improving quality.

Mr Deputy President, if improvement has to be made to kindergarten education, the Government must increase its commitment to this particular sector and fix a timetable for gradually bringing kindergartens into the scope of subsidized education. The pressing task at present is to expand the Kindergarten Fee Remission Scheme so as to extend the benefit to more families. While enacting legislation to determine the manning ratio and salary for trained kindergarten teachers, the Government should continue to provide more subsidies and start to subsidize the remuneration for qualified kindergarten teachers. When the Government gradually increases its financial commitment, it can have a direct influence on the quality of teachers and can also monitor the operations of kindergartens, thus ensuring quality education for young children attending kindergartens.

With these remarks, I support the motion.

DR YEUNG SUM (in Cantonese): Mr Deputy President, I believe that many colleagues in this Council agree that education is an extremely important investment in human resources. If this is established as a principle, then we must take a proper look at the whole issue of subsidized education — from

subsidies to kindergartens to subsidies to universities. However, according to information that I have, the Government's commitment to kindergarten education is so little as to be pathetic. Of the nearly 200 000 children now in kindergartens, only 5.7% receive some tuition subsidies. A family of three earning \$5,000 a month is already earning too much to be eligible for the subsidy; so the family has to bear the entire kindergarten tuition expense, which averages more than \$8,000 a year. It would be simply absurd and ludicrous to maintain that such meagre kindergarten tuition subsidies from the Government amount to a government commitment to kindergarten education.

Some government officials have declared kindergarten education to be non-essential. They use the argument that many western countries do not have subsidized kindergarten education. Such an argument disregards the reality of Hong Kong's social environment and family structure. Worse still, the comparison so made with foreign countries is strained and impractical. The argument is untenable. Firstly, almost all families in Hong Kong send their children to kindergartens. This is not just a question of necessity. It also shows that parents regard the basic education provided by kindergartens as a very important stage in their children's growing-up process and learning process. Also, primary school courses are based on the assumption that students have already completed kindergarten education. So children have to go to kindergartens, where they are prepared for primary school through courses of learning that converge with primary school courses. Secondly, in a typical Hong Kong family, both parents go out to work. This is very different from the families in many foreign countries where, in most cases, the mother stays home to look after children. Thirdly, in foreign countries, living environment and community services are better; there are more and bigger recreation areas and it is easier for a number of families to get together and form a "play group". Parents in Hong Kong have only the choice of sending their children to kindergartens if these children are to have the benefit of healthy development mentally, physically and intellectually. Therefore, kindergarten education is absolutely essential in Hong Kong.

Mr Deputy President, have you heard stories about kindergarten teachers with diplomas having to pretend that they do not have diplomas? They have to hide the truth so as not to appear over-qualified when applying for kindergartens' low-pay teaching positions. This is a tragedy for the occupation. It is part of a vicious circle. Government spending on subsidies for kindergartens is disgraceful. But the operating costs of non-profit-making kindergartens are high. Tuition fees are their only source of income. Parents thus indirectly pay for the operating costs of kindergartens. But parents' means are limited; so kindergartens cannot charge tuition fees that are too high. They therefore cut costs by hiring untrained or allegedly untrained teachers and paying them low salaries. Trained teachers are unable to find teaching jobs in kindergartens and are therefore lost to the kindergartens. The development of kindergarten education is held back by the lack of means.

Kindergarten teachers' duty is to unlock children's intellect and give them their first valuable lesson on life. Yet kindergarten teachers have to be content with low salaries and unreasonable treatment. The Government has long been discriminating against them. Professional qualification has become a bar to employment and promotion. Let me ask: Who would love to join or remain in the ranks of kindergarten teachers to guide children in their formative process?

Therefore, if the Government really attaches importance to education and understands the great importance of kindergarten education, it must stop ignoring the wishes of Hong Kong parents. Nor should it adhere to its traditional attitude about kindergartens and hinder their development. The Government should practically expand its commitment to kindergarten education. It should expand the fee remission scheme and subsidize the remuneration of kindergarten teachers. It should respect the experience and seniority of kindergarten teachers, make their occupation more respectable, reduce wastage of kindergarten teachers and attract more fresh blood to join the occupation. In the long term, the Government should treat kindergarten education in the same way as it treats primary education and secondary education and bring it into the scope of fully subsidized education. This will end the present plight of kindergarten education and turn a new page for it.

Here, I would like to respond briefly to the Honourable Timothy HA's speech. He stressed that there should be free competition among schools in the marketplace, so as to assure the autonomy of schools. He also said that some schools maintained very high standards and had no financial problem at all. Mr Deputy President, he had a point. But I must make it clear that his point carries a very high price tag. Firstly, without government subsidy, the standard of kindergarten education will be generally low. Secondly, if kindergarten education is not an equal social opportunity, the odds will favour the children of wealthy families when it comes to entering the better secondary schools and universities. There will then be social inequity. Thirdly, without government subsidy, there will be no proper government supervision of kindergartens. Mr Deputy President, from the standpoint of equal social opportunities, from the standpoint of supervision of education and from the standpoint of kindergarten teachers, the United Democrats of Hong Kong urge the Government to bring kindergarten education into the scope of fully subsidized education over the long term.

Mr Deputy President, with these remarks, I support the Honourable CHEUNG Man-kwong's motion.

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, as many have already noted, the Government's present attention to kindergarten education is quite inadequate. Most of the critics cite the figure of the Government's annual spending on child care services. Spending on kindergarten education accounts for only about 1% of the Education Department's budget. The Government of course cannot escape blame for this. In the final analysis, the cause of the

problem is that the Government does not wish to bring kindergarten education into the scope of subsidized education.

According to statistics that I have, 80% of the local children in the relevant age group are receiving child care services of one kind or another. Consequently, members of the public hope that the Government will bring child care into the scope of subsidized services. This fact is undisputed. It is the Government's inescapable obligation to make a study of the relevant needs. However, as we also know, the question is not as simple as whether the Government is willing to allocate \$1 billion or so. Other questions involved are how child care should be looked at, how kindergartens differ from child care centres, as well as the important questions of buildings and teacher-training facilities for kindergartens. In making important policies in the past, such as those concerning universal education and the expansion of tertiary education, the Government made the decisions and policy commitments before the question of how was answered. The result was red tape and deviation from the policy objectives, so much so that members of the public wondered what the purpose was in having the policies. This being so, short-term measures for quickly improving the quality of kindergarten education are very important.

From the Education Commission Reports Nos. 2 to 5, we learn that the Government's present policy on kindergarten education consists of the following points:

- (1) The Government will not fully subsidize kindergarten education and kindergartens are within the scope of the private sector.
- (2) The Government will improve the quality of kindergarten teachers by providing teacher training.
- (3) To encourage kindergartens to hire trained teachers, the Government permits kindergartens to raise tuition charges on grounds that they are needed for paying higher salaries to teachers.
- (4) The Government subsidizes parents through the fee remission scheme.

Regrettably, the entire spirit of the fee remission scheme is based on the notion the benefit is a social welfare benefit. It has nothing to do directly with the idea of encouraging kindergartens to hire trained teachers. In other words, the scheme enables a kindergarten to hire trained teachers only if it is located in a low-income neighbourhood. This being so, the Honourable CHEUNG Man-kwong's motion very much deserves consideration. His idea is that the Government should directly subsidize the remuneration of kindergarten teachers. We fully agree. However, his idea has two technical limitations. Firstly, his idea is that in the end the Government is to subsidize kindergarten education fully. We have reservations about this. Secondly, this idea is not

appropriate for the private profit-making kindergartens, which account for half of all kindergartens in Hong Kong.

The Education Commission Report No. 5 recommends that the Government should enact legislation to require kindergartens to hire a minimum percentage of trained teachers. It follows logically from this that the Government has the power and the duty to involve itself with kindergarten services. Because legislation takes time, the Government may in the short term provide some consumer-service kinds of help to parents. Firstly, the Government should allow parents to find out from the Education Department the percentage of trained teachers in a particular kindergarten. Secondly, parents should be permitted to look at the Counselling and Inspection Section's reports on kindergartens.

Finally, I have one more point to add. Services for children include not only kindergartens but also child care centres. As far as we know, child care centres are facing similar problems of low staff morale and inadequate government subsidy. I hope that the Education Department, as well as any other department concerned, will give simultaneous consideration to child care centres when studying the problems of services for children.

Mr Deputy President, I so submit. All four Legislative Councillors of Meeting Point support the motion. Thank you.

DR TANG SIU-TONG (in Cantonese): Mr Deputy President, kindergarten education is an issue that is now receiving a lot of attention in Hong Kong. Problems faced by kindergarten education are government policy, teachers' qualification and pay, high tuition charges and the absence of long-term development objectives.

With regard to funding, the 1992-93 Budget allocates more than \$10 billion to education, including, however, only \$100 million or so, about 1% of the total, for pre-primary education. Evidently, Hong Kong's education system is unbalanced and kindergarten education is not receiving sufficient attention. For example, the kindergarten fee remission scheme of the Education Department actually benefits only a small percentage of parents and is not very useful. In the final analysis, the Government is not subsidizing kindergarten education enough.

With regard to teachers, the Government in 1989 adopted a plan for improving the quality of kindergartens. One objective of the plan was to encourage kindergartens to hire a larger percentage of trained teachers and pay them the suggested salaries. The result of the plan has not been as good as was expected, one reason being that some kindergartens did not want to offer higher salaries to hire trained teachers, being afraid that, if they then raised tuition fees, they would become less competitive. Also, some kindergartens often tended to replace experienced senior teachers with inexperienced junior

teachers. These things happened because the Government had not enacted legislation to require kindergartens to hire a minimum percentage of qualified teachers and pay them the government-specified salaries. Consequently, a rather high percentage of qualified teachers were lost to the kindergartens.

The Government's flawed policy has produced many negative effects. For example, most kindergarten teachers are untrained; most teachers are paid very low salaries despite their heavy workloads; most parents have to pay high tuition fees, and so forth.

For the lack of government attention, nothing effective has been done to upgrade the quality of pre-primary education. Nor is there hope for its long-term development or quality improvement. Something must be done quickly about this. Kindergarten education is fundamental education and has an important impact on the growth of a child. Also, the quality of kindergarten education has a direct effect on all stages of education, particularly primary education, in Hong Kong.

The Government spends more than \$10 billion a year on primary, secondary and tertiary educations but is indifferent to kindergarten education. Such a policy is really difficult to understand.

In his policy address delivered on 7 October 1992, the Governor referred to an education policy that would benefit all the children of Hong Kong, including the use of the fee remission scheme to improve the quality of kindergarten education. Judging from what is happening now, such a proposal is not responsive to the real needs. If the real intention is to solve the existing problems of kindergarten education, the most effective solution is for the Government to make a greater commitment and become more involved.

The authorities should make a comprehensive review of the development of kindergarten education, revise the existing policy and set long-term and short-term objectives to enable Hong Kong's children to receive full attention and to enable Hong Kong's kindergarten education to develop in a manner that is in balance with the overall system of education in Hong Kong.

Mr Deputy President, in order that these objectives may be attained, the Education Department should set up a select group and let it come up with a whole set of policy objectives, thus making kindergarten education a part of subsidized education.

With these remarks, I support the motion.

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, this debate underlines yet again the immense importance which Honourable Members attach to education at all levels. It also demonstrates vividly that, in this vital area, there is no limit to the community's aspirations for more and

better to be done, and absolutely no room for complacency on the part of those trying to do it. The Government fully recognizes these facts of life. I hope that, for their part, Honourable Members and the community at large will accept that, while we should rightly strive incessantly for more and better, our resources are never as unlimited as our aspirations, and that there often are different ways of achieving our objectives.

Policy background

It is the Government's policy to enable all children of the relevant age group to have access to kindergarten education within a non-compulsory private sector system. Contrary to the perception of some Members, this policy positively recognizes the value of kindergarten education for the development and growth of our children. And it has enabled 85% of our children in the age group to attend kindergartens.

As part of this policy, the Government has, since 1982, provided financial assistance to the kindergarten sector by refunding the rents and rates of non-profit-making kindergartens. In 1989, following consideration of the Education Commission's Report No. 2, we decided to take several additional steps with the objective of improving the quality of kindergarten education:

- we introduced a new fee remission scheme to help needy parents pay the fees which private sector kindergartens needed to charge in order to pay the salaries of trained teachers;
- we organized full-time and part-time teacher training courses to upgrade the quality of kindergarten teachers;
- we issued curriculum guidelines to help kindergarten teachers prepare their tuition schedules;
- and we introduced legislation for a minimum teacher:pupil ratio, as well as normative salary scales to ensure that properly trained teachers would be attracted into the profession and encouraged to stay in it.

Our aim was to encourage kindergarten operators to achieve, over time, successive trained-teacher targets of 40%, 60% and eventually 85%. The broader aim was to raise kindergarten staffing standards to those of Child Care Centres, so as to pave the way for the eventual unification of pre-primary services. A Working Party on Kindergarten Education was formed to monitor progress and advise on any further measures needed.

Progress so far

We have already achieved encouraging results. In the first two years of its implementation, the new package boosted average teacher salaries, in real terms, by 19.5% for Qualified Kindergarten Teachers (QKT) and 14% for Qualified Assistant Kindergarten Teachers (QAKT). The wastage rate of trained teachers dropped from 19.4% in 1988-89 to 12% in 1990-91. Enrolment in QAKT courses has also risen sharply, by 30% in the first year and by another 28% in the second. Unfortunately, QKT courses have done less well, with a 30% drop in enrolment in 1991-92 as compared to the year before. Nevertheless, as of September 1992, 61% of kindergartens were employing 40% or more trained teachers, thus achieving the first of the successive targets I mentioned earlier.

Expenditure on kindergartens

All this has not been achieved without substantial public expenditure. Total expenditure on kindergartens for the 1992-93 school year will reach \$165 million. This includes direct financial assistance to non-profit-making kindergartens through refunds of rent and rates, and to needy parents through fee remissions, as well as funds to run fully subsidized teacher training courses for almost 700 trainees.

The provision for fee remissions, at \$41 million, includes a substantial increase of \$15 million approved by the Finance Committee of this Council only last month. This represented a 37% increase over the original provision, and has increased the proportion of kindergarten pupils who are able to benefit from the fee remission scheme from 5% to 8%. When our present plans to bring the points system for kindergarten fee remissions in line with that for senior secondary students are fully implemented in five years' time, the provision will have increased to over \$100 million at today's prices. This will further increase the proportion of kindergarten pupils benefiting from fee remissions to a substantial 16%.

Further planned improvements

I believe that even our staunchest critics will agree that these are real and substantial improvements. I also believe that, in seeking to do more and better, they share with us a common objective, namely to improve the quality of kindergarten education.

As many Members have rightly observed, the key to higher quality lies in increasing the proportion of trained teachers in kindergartens. This in turn depends on the ability and willingness of kindergarten operators to pay the appropriate salaries. Our present policy seeks to bring this about. Both the Working Party on Kindergarten Education and the Education Commission have recommended a two-pronged approach, namely that we should introduce statutory staffing requirements to reach the 40%, 60% and 85% trained teacher

targets progressively, but only if funding for the fee remission scheme is improved first, so as to ensure that parents will be able to afford the resulting increase in fees. Having made significant improvements to the fee remission scheme, we are now able to consider seriously the introduction of statutory trained teacher manning levels in kindergartens. Present indications are that it should be possible to stipulate a minimum proportion of 40% trained teachers in each kindergarten in 1995-96, taking account of the time needed by kindergarten operators to prepare themselves for this.

Further options

The motion before us suggests certain further means of achieving our objective, including a scheme to supplement kindergarten teacher salaries and eventually bringing kindergartens into the scope of subsidized education. The Administration is prepared to study these suggestions with an open mind. I hope others will do likewise. As of now, we have yet to be convinced that the best way of achieving our objective is to shift funding responsibility entirely to the public purse. There is growing evidence from experience elsewhere in the world that private sector initiatives can bring significant benefits to the quality of education, and that too much government control and intervention could stifle such initiatives. There must also be cogent reasons for which, whereas primary and, increasingly, secondary education is free and compulsory in many places, only one or two countries are subsidizing kindergarten education fully.

Philosophy apart, there are also the inevitable questions of whether we can afford to subsidize kindergarten education fully, and whether this will be a cost effective thing to do. Our rough estimate is that full subsidization of kindergartens would cost some \$1.3 billion a year at today's prices. Bearing in mind numerous other competing demands for resources within the education programme area, we must consider very carefully and critically whether such levels of expenditure are both fully justified and affordable.

The way ahead

Prior to today's debate, I have already received specific proposals from a group of educational bodies, through Mr CHEUNG Man-kwong, on how the ideas embodied in his motion might be implemented. I have asked the Working Party on Kindergarten Education to examine those proposals in detail. Members will also be interested to know that the Education Commission has decided at its last meeting to take another look at the area of kindergarten education. The deliberations of the Working Party could usefully be fed into the Commission. The Commission could also usefully take into account the outcome of the research into pre-primary education which is being conducted by the Department of Education of the University of Hong Kong, under the auspices of the International Association for the Evaluation of Education Achievement.

Conclusion

To conclude, Mr Deputy President, the Administration is already committed to making further improvements in the kindergarten sector. And we are prepared to look at other proposals with an open mind.

Thank you.

DEPUTY PRESIDENT: Mr CHEUNG, under the House Committee rule you have two and a half minutes for your reply.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, most Members speaking at today's debate are in favour of government subsidization of kindergarten education and support my motion. I am also very glad that Mr John CHAN will consider the views expressed by Members, including the proposal I put forth jointly with many educational bodies. Let me express my heart-felt appreciation.

I believe that the Legislative Council's decision today will be an extremely important milestone seen from the angle of education development. This is because the motion represents this Council's hope that the Government will adopt a policy of greater or lesser subsidization of kindergarten education, primary education and secondary education and make a reasonable commitment. Of course, this commitment is a commitment to development. Our decision will benefit millions of school children today and tomorrow, enabling them to receive higher-quality education. In the Honourable Albert CHAN's words, it will do infinite good.

During today's debate, the Honourable Timothy HA made some constructive comments concerning the point of bringing kindergarten education into the scope of subsidized education. I think that his comments are very noteworthy. I think that, even after kindergarten education has become a part of subsidized education, private kindergartens will continue to have immense viability if they serve a special and distinct group of children and apply unique educational ideas and methods. They will exist together with government kindergartens and subsidized kindergartens and become better through competition. I am in favour of diversity. I do not think that the subsidization of kindergartens will affect competition. As the community becomes better educated, different sectors will have different expectations of education, which will lead to special or unique demands for kindergarten education. If private kindergartens can meet these special demands, they will have a lot of room for development and the direction in which any such development will take will have to be reckoned with. Private kindergartens will therefore be able to continue to exist and grow. However, where the majority of the community is concerned, government kindergartens and subsidized kindergartens will provide a guarantee, an important guarantee of the quality of kindergarten education.

As for government supervision of kindergarten education, it can be of a liberal and tolerant kind. It does not have to be rigid or dogmatic. It is not necessary to apply to kindergartens the kind of bureaucratic supervision of schools that was experienced in the past. What we need are liberal supervision and diversified subsidization, which will enable kindergarten education to start a pattern different from that of supervision and development of primary and secondary schools, just as the Honourable Eric LI suggested. In any case, Mr Deputy President, I wish to thank Mr Timothy HA and Mr Eric LI for their constructive comments. Even though it looks very likely that my motion today will be carried, this Council should give important consideration to their comments in setting the future course for kindergarten development. Thank you.

Question on the motion put and agreed to.

RETIREMENT PROTECTION

MR HUI YIN-FAT moved the following motion:

"That this Council urges the Government to seriously consider all opinions expressed by the public on the consultation paper "A Community-wide Retirement Protection System", including the Central Provident Fund Scheme as well as the protection of those who have retired and who are approaching retirement age; to expeditiously submit to this Council proposals on the community-wide retirement protection system; and to act as the final guarantor to bear the financial risks relating to these proposals, so that the people of Hong Kong can be provided with a properly designed retirement protection system."

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, I hereby move the motion standing in my name. I am sure that the purpose of my motion is already very explicit in terms of wording and substantial meaning and that is to enable the Government, in the context of preserving the existing social welfare system and expeditiously putting in place a retirement protection scheme for local employees, to choose between the two critical options as follows. One option is for the Government to re-consider the setting up of a central provident fund system and to improve the existing social security scheme. The other is for the Government, if the proposed employment-related Community-wide Retirement Protection System in the consultation paper is to be mandatorily implemented, to bear the financial risk of acting as its final guarantor. This is not only my personal way of looking at the issue; it is the result of thorough discussion of the issue by both Members of this Council, and particularly members of the Manpower Panel, quite apart from being the focus of concern expressed by members of the public during the consultation period. I believe that the key to success this time around is whether the government approach to the issue of retirement of local employees will remain insincere and non-committal, as it has been in the past.

The Government has always been well-known for its overly prudent financial management. In this regard, although the Government has over the past 20-odd years been repeatedly urged to set up a working group, in 1967, 1976 and 1986, to address the issue of retirement protection and solve the aggravating problem of an ageing population, it was very easy for the Government to turn down the request for a retirement protection system for all local employees each time it was articulated on the three occasions. The reason for this was that this Council did not have the necessary mandate from the public to influence the course of events and the Government was not subject to any political pressure at all. The result is the high cost to the community in terms of bearing the heavy burden of social security spending.

It is a well-known fact that the Government, after assessing the new political situation following the re-constitution of this Council in 1991 which for the first time saw the Elected Members gaining the upper hand, announced in November 1991 that a working group would be set up to look into the issue of the compulsory introduction of retirement protection, but with the provision that the idea of a central provident fund was out of the question. The Government has decided to take the initiative, instead of letting this Council come up with its own proposal, to formulate a retirement protection system which is more to its favour and to which it will not have to make too much commitment. This attitude is borne out by the fact that the Working Group has made a point of unilaterally recommending in the consultation document, the introduction of an employment-related retirement protection scheme which does not require the Government to act as its final guarantor. What is even more damaging to confidence is that, by the Secretary for Education and Manpower's own admission, such a system would be unique, and not found anywhere else in the world. The question I hasten to ask is why the Government, which frequently makes a point of studying the ways in which overseas countries successfully solved the kind of social problems which Hong Kong is also confronted with, has decided to depart from its usual practice over the issue of creating a retirement protection scheme for local employees. One wonders what grounds the Government has in believing that it is more knowledgeable than the other advanced countries in this respect.

Unfortunately, the Government did not get it quite right this time. It has been counting on the opposition of employers to the setting up of a central provident fund; it has completely failed to take account of the fact that the relationship between the management and the workers has undergone change in recent years. Nowadays, employers generally believe that they will have to face up to the eventuality of contributing towards their employees' retirement benefits. But according to the suggestion of the consultation paper, their future contribution will only enrich the financial institutions or insurance and trust fund companies which are responsible for the management of the retirement funds. There is no reason that they should be exempted from the risk of business failure or loss resulting from mismanagement. It is in these circumstances that the employers have changed their attitude over this issue, that they have decided instead to support the idea of a central provident fund being set up and managed

by the Government. Evidently, they have no wish to be made the scapegoat of the Government again who is reluctant to introduce the central provident fund. They are trying to force the Government to honestly face up to the formidable challenge.

Mr Deputy President, I have taken a keen interest in the views expressed by the grassroots organizations and members of the public during the consultation period. The view of the vast majority is that the Government should not shirk its responsibility for acting as the final guarantor. The only question is one of how the Government is going to commit itself. The public is quite justifiably sceptical. Over the last 10 years, Hong Kong has seen the failure of six banks and 13 insurance companies. What is more, even in the United Kingdom which has the most foolproof financial monitoring system and legislation, they have had the Maxwell saga, not to mention the failure of many insurance companies brought about by commercial compensation; the implication of this to pension funds is a true spectre to the members of the public. It is totally unacceptable that people could have their savings of a lifetime ripped off, due to lack of any protection at all, that they could be left with nothing to maintain themselves in the remaining years of their lives.

The most unreasonable thing about the present situation is that whereas the Government has not only had no policy of offering any incentives to members of the public to encourage them to save for the rainy day, it has actually seen fit to use legislative means to force them to subscribe to pension schemes which have no government participation at all, and which do not provide any guarantee to ensure that the subscribers can receive all their retirement benefits in the future. The minority who take the Government side that it should not bear the financial risk of the fund managers believe that contributing to a pension scheme is no different from depositing savings with the bank, that the customer has only himself to blame for his poor judgement if mishap should occur, and that he or she has no right whatsoever to claim compensation from the Government. I think this is wrong. Whereas the choice of banks is a personal one, mandatory contribution to a retirement fund is something the individual has no say at all.

I believe that in order that the employment-related retirement protection scheme will have the support and confidence of employers and employees, it is up to the Government to bear a certain degree of the financial risk. One feasible way is for the Government, in addition to the setting up of a monitoring framework as suggested by the consultation document, to also set up a limited company, which may be tentatively called the Central Joint Guaranteed Retirement Fund Ltd., whose board of directors will be made up of government officials, representatives of employers and employees, retirement fund managers, and also representatives of professional bodies. As the name suggests, the joint guaranteed retirement fund means that it will be the final guarantor of all of the funds and will undertake to return to all affected employees their contributions in the event of failure of a fund. Regarding the issue of share capital, a small part of the invisible share capital may be provided

by the Government in the form of financial commitment with the exact amount being adjustable to suit different circumstances. The lion's share of the capital will come from the annual net profit of the fund operators who have vested interests in the fund operation. The exact amount of money going to form the capital will depend on one's share of the territory's retirement fund market. This means that the larger the market share, the larger the proportion of contribution to the joint guaranteed fund.

The above modest proposal will, of course, not add to the burden of the employer or the employee. More importantly, this will also forestall the scenario of the Government finding a pretext to shirk its responsibility. There will be no question of bearing a probably unlimited contingent liability, or the fund operators competing with one another for customers at high risk. Meanwhile, this will actually produce an environment more conducive to fair and just competition.

I am willing to make this proposal because I hope that, if the recommendations in the consultation paper are to be implemented mandatorily, the Government will first of all have to resolve the issue of final guarantor of financial risk before it can have an early start of the scheme. But if one is looking for the best, I would say the most perfect, solution to the problem, then I still tend to believe that the central provident fund, which has been successfully implemented in other parts of the world, will provide the most radical solution to the problems of providing retirement protection for local employees. The very fact that the Government has made a point of setting up ad hoc groups time and time again to look into the issue of central provident fund suggests to me that the Government is well aware of the benefits of a central provident fund. What it lacked in the past was a sense of commitment to the future of our community; it was lacking in courage and perseverance. We can see from the efficient management by the Government of hundreds of billions of dollars in the Exchange Fund that its capability to manage a central provident fund, which is after all only a relatively minor matter of tens of billions of dollars, will be beyond doubt. In any case, the Government no longer has to worry about employers' opposition.

Mr Deputy President, I am of course disappointed that motions have been moved to amend my motion. My disappointment has nothing to do with the fact that I am the mover of today's motion debate. Indeed, what I am trying to do is to enhance the solidarity of Members of this Council and to identify a clear objective, so that we can put forward our demand to the Government in no uncertain terms, and eventually all employees of Hong Kong will be able to enjoy their entitled retirement protection. I am quite prepared to lend my full support to a similar proposal put forward by any colleague which can achieve the same objective. I am not at all surprised that there have been amendment motions, which after all have already become rather ritualized in the Legislative Council. The problem is really that the motion before us today has been the result of a three-month consultation exercise. The motion has the support of the Manpower Panel of this Council which is also responsible for its formulation.

Indeed, I am most grateful to the comments of the Manpower Panel and most of the amendment proposals have been accepted. However, what I could not have anticipated is that it has not been free of further amendments, and it actually turns out that the colleagues who now move the amendment motions were themselves involved in the discussions and decision making in the first place. I fail to understand why they apparently decided not to make known their views during the discussion of the Panel, why they have decided instead to change their position at this point in time.

It is understandable that some individuals and organizations would want to take advantage of this opportunity to force the Government to set up a territory-wide social security system. However, I would consider that this shows no regard to the reality and is most inappropriately timed. It will effectively result in two thirds of the employees of Hong Kong losing a very good chance of successfully pressing the Government to set up for them a retirement protection system, and indeed of their fighting for the Government to radically depart from its longstanding practice of treating as separate issues, the provision of public assistance for the low income groups and the retirement protection *per se*. And we cannot lose this opportunity again because the consequences will be inconceivable.

I feel that at this stage we may as well adopt a two-pronged approach. We should urge the Government to set up a central provident fund as soon as possible which will take care of all employees of Hong Kong. Alternatively, we can urge the Government to address all of the issues arising from the employment-related retirement protection scheme, including the issue of serving as the final guarantor against the financial risk involved and the formulation of a proper and reasonable territory-wide mandatory retirement protection scheme. Meanwhile, we should fight for the Government to make greater commitment to the improvement of the existing social security scheme in order that people who are not covered by contributory retirement protection, such as housewives, patients of chronic diseases and handicapped persons, will be able to receive reasonable protection.

Indeed, that has always been the stand of those of us in the Hong Kong Council of Social Services (HKCSS). HKCSS has accepted the invitation of the Welfare Panel of this Council to conduct a comprehensive review of the existing public assistance scheme in Hong Kong, including its target beneficiaries, the level of assistance and the eligibility for assistance. I would like to appeal to Members of this Council, and the public at large, to keep watch on and review the relevant study report. We are hoping that the needy will be able to obtain the reasonable protection to which they are entitled.

Mr Deputy President, I would like to make one final point. I would not blindly oppose any amendment. Provided that the proposal is better than the original motion in terms of its stated aim and position, provided that it does not jeopardize the solidarity of this Council in making the demands on the Government, I will definitely lend my support to it. The people of Hong Kong

have been calling on the Government to set up a retirement protection scheme for the past 20-odd years. It is not until now that we have been able to see a glimmer of hope. I wish Members of this council would, for the sake of Hong Kong people as a whole, refrain from giving up their solidarity at this crucial juncture. We should not allow ourselves to be divided, or the scheme would be further delayed or even aborted.

Mr Deputy President, with these remarks, I move the motion.

Question on Mr HUI Yin-fat's motion proposed.

DEPUTY PRESIDENT: Mr TIK, you will be moving an amendment, I understand.

MR TIK CHI-YUEN: Yes, Mr Deputy President.

DEPUTY PRESIDENT: Mr TIK has given notice to move an amendment to the motion. Mr MCGREGOR has also given notice to move an amendment to Mr TIK's proposed amendment. Both amendments have been circulated to Members. I will first call on Mr TIK to move his amendment to the motion. After Mr TIK has moved his amendment, I will call on Mr MCGREGOR to move his amendment to Mr TIK's proposed amendment. Members will then be able to debate the main motion as well as the two proposed amendments. Council will thereafter vote on Mr MCGREGOR's amendment first. I will now call on Mr TIK to speak and to move his amendment.

MR TIK CHI-YUEN moved the following amendment to Mr HUI Yin-fat's motion:

"To leave out all the words between "seriously consider" and ", so that the people of Hong Kong" and insert the following words:

"the request by Members of this Council and the public that the Government should assume an active role in the operation of a retirement protection scheme, expedite the establishment of a central provident fund scheme, and proceed to examine the feasibility of further implementing a comprehensive plan for social protection"."

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, Members of this Council have been deliberating on the issue of setting up a central provident fund in Hong Kong for the past 20-odd years. It is most regrettable that we still have to continue to argue for and fight for the same cause today. As some colleagues have said just now, there were a number of opportunities for debating the central provident fund issue in this Council. However, it was

unfortunate that, on those occasions when the issue actually came under debate, the suggestion of setting up a central provident fund was invariably voted down. I think today's motion debate is a very good opportunity for this Council, and the public at large, to make the effort again to fight for the setting up of a central provident fund. My personal judgement is that this is an excellent opportunity for us to actually get what we have been fighting for. The proposed central provident fund has actually a very good chance of being endorsed by this Council. I can see from the public statements and private discussion of some political parties on the issue that there are not a few political parties and other organizations in Hong Kong which have openly lent their support to the idea of setting up a central provident fund, and indeed I am referring here to Meeting Point, to which I belong, and the United Democrats of Hong Kong, the Association for Democracy and People's Livelihood, the Co-operative Resources Centre, and also social organizations like the Hong Kong Council of Social Service. The main reason why I have proposed an amendment motion is that I want to explicitly and specifically ask the Government to set up a central provident fund as soon as possible. In this regard, I am hoping that Members who are supportive of the idea of a central provident fund will lend their support to my amendment motion, for the sake of the spirit of solidarity and keeping promises made in public, if a central provident fund is what they want after all. The demand for the setting up of a central provident fund is unequivocally stated in my amendment motion.

The consultation paper *A Community-wide Retirement Protection System* was publicly released by the Government last October. We contacted many organizations and interested individuals from various fields during the consultation period. We have the impression that many of the recommendations contained in the consultation paper are not satisfactory. Meeting Point takes the view, after careful consideration, that the recommendations in the consultation paper are not practicable. I should like to take this opportunity to make a few points.

Firstly, the position of the consultation paper is neither objective nor neutral. It rules out right from the start the idea of setting up a central provident fund. It is clear then the position taken by the authorities concerned is neither entirely neutral nor objective.

Secondly, the Government takes a rather passive role, and insofar as the legislative process is concerned, a simple monitoring role. That kind of role for the Government is, I am sure, inadequate, as many grassroots organizations have observed.

Thirdly, in respect of the other kinds of social security schemes not covered by the recommendations in the consultation paper, the Government has failed to state the grounds to enable objective consideration to be given to and analysis made of these other schemes in order to account specifically as to why they are not recommended. Meeting Point would like to voice its objection to

the central provident fund being ruled out by the Government in the consultation paper.

Fourthly, the consultation paper makes no recommendation for retirement protection for people who are not in employment, such as women, handicapped persons and patients who are suffering from chronic diseases. They, together, represent a population of 2 million. There is no mention at all of protection for the elderly people.

It is quite natural that during the consultation process there were organizations and individuals who came up with suggestions to paper over the cracks of the government recommendations. They suggested the setting up of a joint underwriting system or a central underwriting system, and of course securing the Government's financial commitment. But such remedial suggestions would only lead to even more problems. Many organizations and academics have in fact expressed their views in respect of these problems.

The recommendations contained in the consultation document have been likened to a sour orange. From the perspective of Meeting Point, they are more like a time bomb laden with danger.

All in all, if we in Meeting Point were to lend our support to the consultation document and recommend it to the public, we would feel that it would be an irresponsible thing for us to do. Since we cannot support the content of this consultation paper, we in Meeting Point would have to reiterate our demand that the Government should set up a central provident fund. We consider that central provident fund is a better option, for the four following reasons:

Firstly, if the scheme is operated by a private company, it might make some profit for itself and yet the aim of a central provident fund is to bring as much benefits as possible to the subscribing employees.

Secondly, the Government may appropriately act as a watchdog to minimize risk.

Thirdly, the issue of setting up a central provident fund has been a topic of public discussion for the past 20-odd years. We have the impression that the idea of setting up a central provident fund has been widely accepted by the public at large, and that continues to be a mainstream view of the Legislative Council today.

Fourthly, the implementation of a central provident fund will offer reasonable protection to the working class and this will have a pacifying effect on them, as well as contributing indirectly to the the prosperity of Hong Kong.

It is for the above mentioned reasons that we would like to explicitly state again our demand that the Government should set up a central provident fund.

There is in fact a second part to my amendment motion. We demand that the Government should give further consideration to the setting up of a comprehensive retirement protection scheme. Indeed, the central provident fund as such, or the mandatory retirement protection scheme proposed by the Government, is only capable of giving protection to people who are employed. Consideration has not been given to people who do not have employment. The elderly people, for example, have nobody to take care of them. But what scheme should we adopt at the end of the day to give protection to the people who do not have employment? This is a question which we believe should be further considered and more deeply explored. Options which we can look into include social security packages, for example the introduction of a three-way contributory scheme, or alternatively, we can step up the provision of public assistance so that people who are not in paid employment may also be able to benefit.

Whatever the result of today's vote, my recent observation is that two clear points of consensus have begun to emerge in the debate which has been going on recently. First of all, the setting up of a central provident fund is the mainstream view of the Legislative Council. Secondly, we as legislators are not prepared to accept any delay, whatever pretext the Government may come up with. In this regard, I demand that the Government should make public within two months of the close of the consultation period all of the public opinions which have been collected. The Government must be accountable to the public on this issue so that members of the public may know the opinions held by all parties concerned.

Lastly, I would like to respond to the issue of solidarity raised by Mr HUI Yin-fat just now. I quite respect the thinking behind Mr HUI's call for solidarity. But I would also hope that Mr HUI would be able to appreciate the spirit of, and the motive behind, our amendment motion. In the past we have attempted to give priority to solidarity and co-ordination. However, it is unfortunate that our goodwill has not brought good results. If our amendment motion today cannot be adopted, then we will continue to lend our support to Mr HUI, in order to demonstrate our spirit of solidarity as Meeting Point members.

Mr Deputy President, with these remarks, I move my amendment motion.

Question on Mr TIK Chi-yuen's amendment proposed.

DEPUTY PRESIDENT: As Mr McGREGOR has given notice to move an amendment to Mr TIK's amendment, I now call on Mr McGREGOR to move his amendment.

MR JIMMY McGREGOR moved the following amendment to Mr TIK Chi-yuen's amendment:

"To replace the word "assume" by "maintain", and to delete all the words after "retirement protection scheme," and substitute the following:

"and proceed to examine the feasibility of further implementing a comprehensive plan for social security including the introduction of an old age pension scheme to replace the present old age allowance system and other means tested allowances for aged people"."

MR JIMMY McGREGOR: Mr Deputy President, I move that Mr TIK Chi-yuen's amendment be amended as set out in the Order Paper.

It is impossible to deal with this extremely important subject in the space of seven minutes. It is important however that we should get some idea of the general feeling in this Council towards the Government's initiative and declared intention to establish a territory-wide retirement scheme. Hong Kong's workforce has laboured during the past 40 or 50 years without achieving a secure, adequate and honourable retirement benefit scheme which does not require some humiliating form of means test. The contribution of the workforce to Hong Kong's economy has been an essential element in our massive growth which, in turn, has attracted investment and participation in our rapid industrial and commercial development during the last half century. Our workers have never secured equality with employers in negotiations on wages and other remuneration.

The nature of our economy would normally provide employers with a balance of influence in their favour in the difficult task of deciding on wage levels throughout business. I believe that employers have in general exercised this influence fairly and we have excellent labour-management relations. Employees have not developed militant trade union systems and policies which confront and challenge the authority of the Government and the position of employers. Workers and their unions have to a very large extent adjusted to the dominant but perceptive and responsive role of employers in the long and sometimes difficult development of the tripartite relationship between the Government, the employers and employees. They have gradually helped to establish the kind of balance which permits harmonious and constructive management-labour relations. I have to say that in all my experience of government administration dealing with Hong Kong's workforce and during my 13 years as Director of the Chamber, I have consistently admired the restraint and responsible attitude of Hong Kong's workforce and of their hard working unions, many of which are now represented in this Council.

It is now time for Hong Kong to recognize the need to provide every member of our workforce with financial security and support in their old age. I have argued for many years for the establishment of a non means tested old age pension for all Hong Kong citizens reaching the age of 65. I will continue

to argue strongly for this essential element of any social security system for any country which cares for its people.

The proposed retirement scheme falls far short of a full-scale old age pension scheme but it is certainly a step in the right direction. The Government will receive a great many detailed papers submitted in response to its consultation paper. There will have to be many months of further detailed consideration of these submissions and no doubt draft legislation will itself come under scrutiny in this Council. A Bills Committee of the Council faces months of discussion and modification of the government proposals before a scheme which might prove effective and acceptable to the community emerges. The Hong Kong General Chamber of Commerce has submitted a detailed paper and I will therefore only indicate a few points from it.

The Chamber supports in principle the Government's intention to develop a community-wide retirement protection scheme along the lines of that outlined in the government consultation paper. However, the Chamber has serious reservations about community acceptance of a mandatory scheme, about the problems of management and regulatory control, and about certain loopholes and other flaws in the proposals. The Chamber therefore seeks more time for further consultation and consideration in terms of redrafting of some elements of the scheme.

The fundamental background to this scheme is one of social security and it is therefore obvious that the scheme must provide complete assurance to all participants that, on their retirement, they will receive the rewards of their labours over their working lives and that they will never have to worry that the scheme may suffer collapse or failure to the extent that they lose their entitlements or that they receive very much less than that they have every reason to expect. In other words the Government has a central responsibility to ensure the safety and good management of the scheme. In my view that will require a much greater government involvement in the management and supervision of the scheme than the Government presently proposes to accept. The huge funds which will be involved must be properly protected by the Government through legal means.

It seems quite clear that, whereas large businesses usually have good quality retirement benefit schemes already in place and that these would be generally superior to any thing which can be mandated by the Government, a very different situation applies to small businesses most of which have no such arrangement for their employees. The government scheme will have to deal with tens of thousands of small businesses whose workforce is constantly changing with one of the highest mobility rates in Asia if not in the world. Small businesses will therefore face the apparent burden of an additional tax in an already highly competitive environment. They will need to be assured that the scheme will not create a further administrative burden upon them in addition to the extra cost. The Government must also ensure that any tax benefit given to the recipient of a retirement scheme lump sum payout is also

given to workers receiving a monthly pension benefit from their retirement scheme. In this regard the Government must surely determine in detail how existing private sector retirement schemes are to be aligned within the proposed new mandatory scheme.

The Chamber has pointed out the very large cost to the Government which will result from a desirable level of government responsibility, involvement, and monitoring. This may need quite substantial and complicated new legislation in respect of which the Securities and Futures Commission or an independent Commissioner may be needed to monitor and regulate the activities of operators, managers and trustees. The trustee legislation may need to be revamped.

Problems are foreseen by the Chamber if substantial sectors of the workforce are left out of the scheme including self-employed people who make up quite a large number of workers. There should be an entry capability for such people. I am personally also very doubtful about the prospect of allowing workers to take their entitlements as a lump sum which can be quickly frittered away with some consequence for other social welfare systems. Conversely, if benefits are to be paid out as monthly pensions this cannot be left in the hands of the private sector but must be a part of the government responsibility.

One of the greatest dangers in any scheme of this nature which relies upon the skill, ability, and honesty of the private sector is that there will be failures of fund managers and even cases of serious fraud. These will be inevitable. I cannot personally accept that the Government can be allowed to introduce a system of social security of this nature which might deny workers the benefits they have earned through hard work during their lifetime. The Government must take a position of great responsibility in such a scheme.

I have also to record the views of the Hong Kong Democratic Foundation (HKDF). The Foundation supports the concept of a community-wide retirement protection scheme, though not a central provident fund type. The Foundation believes that as the proposals contained in the consultation paper fall so far short of producing adequate recommendations the Government should take no further action on this consultation paper. Instead, the HKDF calls for a detailed examination of the broad needs of the elderly and urges the Government to produce a Green Paper on this issue. As the Foundation feels strongly there is an urgent need for substantially better financial provisions for the elderly, it advocates as a first step of action the early implementation of an old age pension along the lines it has been advocating for the past two years. I agree with them although I will also take part in further discussion on the government proposals for a community-wide retirement scheme.

Mr Deputy President, I hope Members will support my earnest reference to the need for an old age pension scheme, if necessary to take a higher priority than the present proposals for a compulsory retirement scheme.

Thank you.

Question on Mr Jimmy McGREGOR's amendment proposed.

MR NGAI SHIU-KIT (in Cantonese): Mr Deputy President, people from various sectors of our community have put forward a lot of arguments both for and against the idea of setting up a central provident fund or a retirement protection scheme by the Government. In the midst of the social controversy over the issue, a retirement protection scheme was proposed by the Government. While not specifically presented as a compulsory scheme, the proposed retirement protection scheme is compulsory in substance and as such it is really the first draft of a compulsory retirement protection scheme in disguise. The Government is expecting members of the public to come up with amendments to its proposal which is presented to us in the form of a consultation paper. We do not know whether the Government has used the same criteria of fairness, openness and acceptability to the people of Hong Kong, which have become its own peculiar brand of all-purpose principles, in the formulation of the proposed compulsory retirement protection scheme. However, it is not difficult for us to see that the great majority of people who have expressed their views on this issue are opposed to the scheme, for which the Government is not prepared to act as its final guarantor. The Government is not prepared to put in place a rigorous monitoring system with which to keep watch on the operators of the retirement protection scheme. The Government is not prepared to forestall the scenario of business failure due to mismanagement, or indeed the scenario of the operator absconding with the funds of participants. One can hardly call that a protective scheme at all.

Regarding the issue of whether such a scheme is a fair one, I would like to say that I already made my position very clear in as early as 1987. I could not really bring myself to agree that the compulsory retirement protection scheme will offer us a fair system. That system in fact not only interferes with the individual's freedom of managing his own finance, but also hurts the spirit of enterprise as well. How can one say that a system which takes away the individual's freedom of choice, and which incorporates every kind of restriction making life difficult for everyone is after all a fair one?

The consultation paper openly solicits public opinions, but openness does not equal fairness. If we objectively analyse the figures contained in Appendixes IV and V of the consultation paper, it will not be difficult for us to see the fact that, irrespective of what assumptions have been made in the first place, the rate of return for the older participants of the retirement protection scheme still appears to be higher than that for the younger participants.

Suppose we take the retirement age to be 65, a person who joins the scheme at the age of 55 will have an average return rate of 19.6%, but a person who joins the scheme at the age 18 will only have an average return rate of 10.3%. One is prone to ask, looking at the analysis of figures, whether the compulsory retirement scheme has only been devised for the benefit of a small group of old folks who do not have the habit of saving, whether indeed the purpose of the scheme is to force our large young working population to support the old folks with their contributions, which will earn them a very low rate of return? These questions have never been addressed by the Government in a positive way. They are the sorts of questions which we should start thinking about so as to determine whether such a policy is a fair one. One very clear message which we have received from the consultation paper is that while the Government is very keen to launch this compulsory retirement protection scheme, it is not equally keen on taking up the responsibility of central co-ordination to reduce the financial risk involving the huge sums of retirement money. It is undeniable that it is perfectly within the right of the Government to pursue what it carefully considers to be the best policy for Hong Kong. However, if the Government is not prepared to assume the responsibility which its policy involves, then it is not only in the wrong morally, but it actually deserves public censure.

Mr Deputy President, any form of compulsory retirement protection system has never been agreeable to me. However, if the Government insists on pursuing its compulsory retirement protection system, then I would have to look at this issue on the principle of choosing the lesser of the two evils. I would like to call upon the Government to assume the responsibility, which should be its, of central co-ordination and of full commitment to the financial risk involved, in order to protect the interests of both the management and the workers, and of society at large.

Mr Deputy President, with these remarks, I would like to support Mr HUI Yin-fat's motion. Regarding the amendment proposed by Mr TIK Chi-yuen, it does not commend itself to me, except for its first part which urges the Government to set up a central provident fund. The other suggestions contained in his amendment motion represent an attempt to make Hong Kong a welfare state, without due regard to our premature circumstances. That does not appear to me to be a pragmatic approach; I do not think it will bring any benefit to Hong Kong. It is for this reason that I cannot agree to it.

MR PANG CHUN-HOI (in Cantonese): Mr Deputy President, we all felt originally that Mr HUI Yin-fat's motion already incorporates the views expressed by all parties concerned with regard to the consultation paper. From the time the consultation paper was publicly released to the close of the consultation period, the labour sector which we represent actually called for a meeting of representatives of all workers unions. Indeed, Mr TAM Yiu-chung, as well as six other labour representatives of the Labour Advisory Board and myself, also made a point of conducting a questionnaire survey on all workers

unions of Hong Kong, in order to find out how they felt about the contents of this government consultation paper and what specific views they held. From the views solicited, it is clear that these workers unions had certain demands on us. The consultation paper is inadequate in many ways; its main defects lie with the Government's reluctance to assume the responsibility of acting as the final guarantor of financial risk. With regard to the issue of retirement age, it should be reduced to 60 for men and 55 for women.

Another consensus which has been reached is that the Government should consider contributing to the retirement protection scheme for the benefit of the low-income earners making less than \$3,500 a month. The Legislative Council Manpower Panel has also met once in relation to this consultation paper. Members of the Panel took the view that given the reluctance of the Government to act as the final guarantor of financial risk, it would not be easy to implement the scheme. It is for this reason that it also demanded that the Government should consider again the issue of setting up a central provident fund.

It is precisely for this reason too that we are debating not only Mr HUI Yin-fat's motion today, but also amendment motions put forward by two other colleagues. I have just heard the motion moved by Mr Jimmy McGREGOR and I can see, that he is very well-intentioned. But there is one very important point. The Employers Federation has taken the view that the proposal contained in the consultation paper cannot be implemented. They hope that the Government would conduct a more detailed analysis and there are still problems which need to be meticulously addressed. In this regard, I think that this kind of position would delay the Government's implementation of all of the recommendations of the consultation paper.

Mr TIK Chi-yuen is, of course, equally well-intentioned. He is hoping that the consultation paper would be put on hold for the time being so that the central provident fund idea can be put on the agenda. Incidentally, this kind of position has also been discussed by the Panel. But if we were to do just that, then I am sure the Government would have very good grounds to withdraw the paper and start all over again. If that should happen, then we would still be getting nowhere in 1997. That, incidentally, is the reason why I would rather not add to the controversy. We have to fight for a reasonable retirement protection scheme, or even more preferably, the setting up of a central provident fund. The workers unions have been fighting for this goal for the past decades. Indeed, this Council has also seen motion after motion, moved almost year in, year out, fighting for the same goal. It goes without saying that there is nothing new to say any more, which is why I would rather not repeat myself here.

With these remarks, I support Mr HUI Yin-fat's motion.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, following the release by the Government towards the end of October last year of the consultation paper on the compulsory retirement protection scheme, the three-month long consultation period has elapsed without too much excitement. In the middle of November last year, I initiated a motion debate in this Council in the hope of getting the Government to conduct the consultation exercise in earnest so that members of the public would be encouraged to debate this issue of retirement protection. It is unfortunate that the Government has seen fit to publicize the message in no more than 20 seconds on television, which said, simply, that a consultation paper entitled "*A Territory-wide Retirement Protection System*" has been published. That was the only way the Government used to appeal to the public to give their views. One wonders how many people were able to gain any understanding of the consultation paper through this kind of message.

Although the consultation paper has not left a deep impression on members of the public, it has evidently instigated a good deal of debate by many interested organizations. All parties concerned have consistently pointed to the fatal defects of the consultation paper. Human errors of all kinds are difficult to avoid in the handling of the risk issue given that we are looking at, as the proposal contained in the paper would have it, a privately run but compulsory retirement protection scheme. In this regard, retirement schemes have been proposed by various organizations, with some business and labour groups even suggesting that the issue of central provident fund should be put on the agenda again, and some grassroots organizations, meanwhile, have put forth an all-embracing social security scheme for the community as a whole.

I believe that while the issue of retirement protection is certainly an urgent one, it is also something which we should handle in a pragmatic and careful manner. In this connection, I certainly hope that the retirement protection scheme will materialize as soon as possible. However, we should try our best to get rid of all unnecessary risk which may result from the private management of such a scheme. I have already made it abundantly clear that the introduction of a government managed retirement fund scheme is actually an irresistible trend. I have also given serious thought to the possibility of evolving a government managed scheme from a privately managed scheme. However, after taking into account the views of all parties concerned, I can foresee that a lot of difficulties will arise from the transition from private management to government management. It is no easy matter to consolidate the many and messy private retirement schemes into one centrally controlled retirement scheme. One can imagine the chaos and the strong impact which will be involved. It is for this reason that I tend to go for the direct and simple way of starting with government management in developing our retirement scheme. This will save us the strong impact which we might have to suffer but which is wholly unnecessary. We would not therefore have to go through the circuitous and tortuous transition of private management to government management. The Government has shown its determination to co-ordinate the retirement scheme in the formulation of its recommendations on the issue of retirement protection

in its consultation paper. In this regard, the Government may just as well go that extra mile in terms of complying with public opinion and taking up the responsibility of monitoring the whole retirement scheme.

I would consider it appropriate, for the above reasons, for us to adopt central provident fund in place of the privately managed retirement protection scheme, championed by the Government, as a starting point in our development of a retirement scheme for the people of Hong Kong. Admittedly, central provident fund is not our ultimate goal; it is not a fail-safe mechanism which will solve all our problems. However, considering the relative security which it offers and its relatively wide public acceptability, considering also our very real and urgent need, I tend to think that it is quite rightly our second best option.

In any case, the central provident fund option should not be taken as an easy way out of a difficult situation. It should not be used as a means of avoiding responsibility.

It is clear from the findings of the questionnaire survey on 170 workers unions in Hong Kong, conducted recently by the six labour representatives serving on the Labour Advisory Board and the two Legislative Councillors from the Labour Functional Constituency, that most of the respondents are inclined to support a social security system for all Hong Kong people, or alternatively, a comprehensive retirement protection scheme. It is also clear that a great majority of people in the labour sector are quite well aware of the limitations of a central provident fund. No protection is given by a central provident fund to people who have already retired, or who are approaching retirement, and those who are unsalaried. Retirement protection for these people is an issue which we cannot afford to ignore. It is for this reason that a social security scheme which will benefit all Hong Kong people would remain to be our goal.

I can see the complexity of the issue involved from the questionnaire survey, particularly bearing in mind problems which are peculiar to individual trades. We found that there were different requests made by the respondents in the section in our questionnaire which dealt with the issue of peculiar characteristics of individual trades. Notwithstanding the fact that the questionnaire survey might not be thorough enough, it does nevertheless indicate that we should explore the issues involved more thoroughly, and develop our central provident fund on that basis.

Lastly, I hope the Government will set a time-table to conclude the results of this consultation exercise. I think we should analyse, collate and organize all of the public opinions collected in two months, and then spend the following three months putting together a report setting out all the arguments which the Government has in terms of selecting and rejecting suggestions made by members of the public, which is to say, how the Government evaluates the views it has collected, in an effort to be openly accountable to the public.

Mr Deputy President, with regard to the motion and the amendment motions put forward by my three colleagues today, I happened to be the seconder of the original motion. So it goes without saying that I will lend my support to it. Since I am also supportive of the spirit and content of the two amendment motions, I also hope that the Government will be able to implement all of them, albeit gradually. I have no wish to see the Government adopting the delaying tactics again on the pretext of divided views. In this connection, I would support the original motion and the amendment motions.

MR ANDREW WONG (in Cantonese): Mr Deputy President, the consultation paper on a retirement protection system which has implications for Hong Kong's working population of 2.8 million has not led to any exciting discussion by the community at large in the consultation period over the past three months. Whatever the public response, the Government, however, should not play the delaying tactics again. The public should not be made to wait for another untold number of years for a retirement protection scheme, which is beneficial to local workers, to be implemented eventually.

In the debate held in this Council on 18 November last year, I already presented my proposal regarding this issue. I would like to take advantage of today's debate to present my proposal again, in the hope that the Government would be able to accept. I think that the Government should revise its idea of a mandatory retirement protection scheme into a basic plan, rather than introducing it as a bare minimum plan, whilst offering exemption to generous packages. The ratio of contribution to be shared between employer and employee should be fixed and no exemption should be granted under any circumstances. New legislation in respect of retirement protection should be put in place to complement the basic plan in order to strengthen the element of mandatory regulation.

It goes without saying that the employer is quite free to offer a more generous retirement package than the mandatory basic plan, in order to attract staff members to stay on. However, such extra generous packages should be dealt with under a supplementary plan. They should operate under the regulation of the already enacted laws in respect of voluntary schemes of occupational retirement. In the event of an employee switching to a new job, the funds standing in his name under the basic plan would be transferred in a clear and simple way. In the same kind of situation, the employee's funds under the supplementary plan will likewise be frozen or refunded.

Mr Deputy President, many Hong Kong people have criticized the Government for its lack of commitment. I tend to think that if the mandatory retirement protection scheme is to be implemented in the form of a contributory basic plan, then it should be centrally managed by the Government while being monitored by an independent body. Given that it is a mandatory scheme, all of its administrative costs should be borne by the Government. Put in another way, what I am proposing and what I will lend my support to is a central

provident fund. Meanwhile, many Hong Kong people have expressed concern over the huge risks involved in the managing of the accumulating contributions. In addition to regulation by legislation and the setting up of an independent monitoring body, I think the whole lot of accumulated funds may be used for three investment purposes. Part of the money may be used for high risk investment; part of it for low risk investment; and part of it may be deposited with the banks in order to minimize risk.

Requirements like these regarding the investment of retirement scheme funds should also be applicable to the supplementary plans, subscription to which is entirely voluntary. These will ensure that the money of contributors will not go down the drain through unwise investment.

Mr Deputy President, I speak in support of the amendment motion standing in the name of Mr TIK Chi-yuen. It is because his amendment motion sends us a clear signal, which is that the Government should be urged to set up a central provident fund system. Such a retirement protection system which has been the subject of debate since 1966, going on for the past 27 years, should not be allowed to continue to be put off any further. Are we prepared to see countless workers suffer the fate of their predecessors, that they will not be able to spend the remaining years of their life time in peace and dignity, for lack of financial security?

We have to admit that the existing retirement protection scheme is only able to protect employees. It is not able to offer any protection to housewives, handicapped persons, patients of chronic diseases. It is not even able to protect elderly people and old employees who are approaching the age of retirement. We have neither chosen to ignore them nor forsaken them altogether. This is why we have to urge the Government to act. We want the Government to further explore the possibility of introducing a comprehensive social security system and to make that a reality as soon as possible. Such a system will be complementary to the retirement protection system in order that we may be able to achieve the goal of offering protection to all Hong Kong people.

However, what we have to do now is to join forces to fight for the introduction of a mandatory retirement protection scheme which has been the goal of so much campaigning for all these years. And our fighting goal should be the setting up of a mandatory central provident fund scheme.

Regarding the original motion moved by Mr HUI Yin-fat, I fear that his call for the Government to seriously consider public opinion and his urging the Government to expeditiously present its proposal to this Council will result in misdirecting and overstressing our firepower. As I was saying just now, time and tide wait for no one. It is imperative that the Government should get on with its implementation of the retirement protection scheme and the introduction of a central provident fund. It is for this reason that I cannot lend my support to Mr HUI Yin-fat's motion. Meanwhile, for similar reasons, I cannot support the Mr Jimmy McGREGOR's amendment motion either. The

fact is that his motion goes so far as to completely override other views. Reconsideration of the issue all over again, albeit from a comprehensive angle, will only delay matters still further.

Mr Deputy President, this tree of retirement funds has been growing for the past 27 years. It is about time we helped ourselves to the fruits which it has borne. I am hoping that the public at large will also be able to taste its sweet fruits. We should not allow ourselves to be bogged down over the argument of growing another tree; otherwise we might actually find ourselves having to eat the fruits which have gone bad. What we will end up with is not a time bomb, not a sour orange, but a rotten orange.

Mr Deputy President, with these remarks, I support Mr TIK Chi-yuen's amendment motion.

MR RONALD ARCULLI: The debate before this Council today is long overdue. We at the Co-operative Resources Centre (CRC) believe that there are some basic and important fundamentals that need to be sorted out before we as a community can decide what is fair and appropriate for Hong Kong. These fundamentals can be broadly described as:

- (1) The type of retirement protection, that is, compulsory or a central provident fund (CPF).
- (2) The role of the Government.
- (3) The spectrum and level of retirement protection.

Mr Deputy President, it is in respect of these important and fundamental issues that I offer CRC's views.

The first point is whether we opt for a compulsory retirement scheme or a CPF. The consultation paper almost summarily dismisses the possibility of a CPF for fear of unsettling the financial, monetary and foreign exchange markets. A strong and simple argument to the contrary is this: look at the Exchange Fund. The Government seems to manage it without the adverse consequences it fears. No explanation has been given why centralized control of the Exchange Fund is not objectionable. If a second argument is needed private sector managed funds can have an equally unsettling effect: witness the programmed selling in the major financial markets in the past years. Quite a lot of managed funds are index-linked and therefore could create a self-induced decline. On the face of it we believe it is wrong to rule out a CPF in the consultative paper. The argument used is an over-simplification of the case against a CPF. Indeed, another strong argument in favour of a CPF is the conspicuous absence of government involvement in the compulsory retirement scheme put forward in the consultative paper. On this basis the CRC prefers a

CPF rather than a compulsory retirement scheme as a CPF is much more likely to be more economical and efficient and would yield greater benefits to all.

This, Mr Deputy President, takes me to the second point, namely, the role of the Government. In this regard I shall confine my remarks to the role of the Government under a compulsory retirement scheme as it is fair to assume that a CPF would be operated by the Government. Under the consultative paper the role of the Government is almost nil in one critical area of protection that participants are entitled to expect under a compulsory retirement scheme. Where is the protection to prevent the occurrence of a Maxwell situation? At a minimum we must have a regulatory body whose sole purpose is to ensure maximum protection in this respect. The next question that automatically follows is this: what happens if despite the attempts to properly regulate compulsory retirement schemes a Maxwell situation does occur? Is there not a case for saying that because the schemes are required by compulsion of law the Government should be the ultimate guarantor against this type of fraud? The CRC is not advocating for a government guarantee against market risks. We are, however, in favour of a guarantee against this type of fraud in a Maxwell situation.

The third point, Mr Deputy President, is almost like asking how long is a piece of string. On the one extremity there are those who do not favour any scheme and at the other extremity there are those who favour the widest possible coverage. Unfortunately, like most things in life, our resources are not unlimited nor can we fairly ignore competing interests and factors both in and outside of Hong Kong. At the end of the day we have to get the balance right if that is possible at all. It is with this basic and fundamental point in mind that the CRC is of the view that a compulsory retirement scheme should include the following:

- (1) The concept should be based on a defined contribution scheme.
- (2) Initially all full-time employees should be covered with a view to reviewing the scheme to cover part-time and then self-employed persons. As for "guest workers" who are in Hong Kong for a short period we should consider whether they should be covered.
- (3) At the initial stage we support the retirement age of 65.
- (4) Double taxation on pensions should be eliminated. In principle we favour that all contributions should be tax-exempt; and
- (5) We support a total contribution of 10% and the principle of portability.

Mr Deputy President, the CRC is convinced that urgent consideration should be given to finalizing proposals for a retirement protection scheme. The issues are complex and we are unlikely to get a consensus on every single aspect

of any scheme. However, the Government must take note of the unhappiness that now exists over the proposals in the consultative paper and must reopen consideration for the introduction of a central provident fund. That having been said, the CRC does not favour transforming Hong Kong into a welfare community. We must encourage our community to continue to be the hard-working and productive community that it has been. We must strive for reasonable and fair protection for our workforce and indeed for those who are not fortunate enough to look after themselves. There are many lessons that we can learn from other economies. Let us not lead Hong Kong down a path that is clearly not in our interest as a community.

The two amendments call for a social protection or social security system. There is a danger that this will damage the very fabric of Hong Kong as a whole. For these reasons the CRC will support the original motion and do not support either amendment.

MR LAU WAH-SUM (in Cantonese): Mr Deputy President, the option of a central provident fund is summarily dismissed in the consultative document in one brief sentence which goes something like this. The large sums of money accumulated in the central provident fund would have an unsettling effect on the finance of Hong Kong; they would destabilize our financial and foreign exchange markets. This argument, however, does not stand to reason at all. The same argument was used as a pretext by the Government a couple of years ago for rejecting the setting up of a central provident fund. At any rate, the introduction of the present mandatory retirement protection system, assuming that it has the same contribution rate as the central provident fund, will just as well result in each retirement fund accumulating the same huge amounts of money from their contributors, a scenario which is not altogether unlike what would happen to a snowballing central provident fund. In the light of this scenario, what reason does the Government have for considering the mandatory retirement protection system to be a feasible idea when at the same time it rejects as infeasible the idea of setting up a central provident fund? In this regard, I am inclined to think that the argument which the Government uses to object to the setting up of a central provident fund does not make any sense at all.

Of all the views which have been expressed by members of the public with regard to the consultation paper, what I would regard as the most noteworthy would be, firstly, the request for the Government to act as a final guarantor of the financial risk involved in investment and also the risk of fund mismanagement, fraud and other malpractices; and secondly, the request for the Government to set up a monitoring body to watch over the institutions which manager the various funds. Insofar as the investment risk is concerned, I believe that it would be very difficult for the Government to assume the responsibility which it is expected to assume. The reason is that this would entail the Government having to commit itself to a potentially enormous debt quite apart from encouraging over-aggressive, imprudent investment strategies. Regarding

the setting up of a monitoring body and the bearing of risk resulting from fraud and malpractices, I tend to think that this would entail heavy administrative costs. In this regard, I think the best solution would still be for us to set up a central provident fund. It is because the central provident fund will help solve many problems faced by members of the public. The following are some examples.

Firstly, the consultation paper has come under public criticism for not making recommendations with regard to self-employed persons and people paid on either an hourly or daily basis, and part-time employees generally. I think that the problem here really lies with the fact that under the retirement protection scheme, the private fund management companies manage their own affairs quite independently of each other. They operate like the separate branches of a tree. Whereas the trunk may be likened to the employer, the branches would be the employees. The employee may only be covered by the account of one employer at any one time; there is no way he or she could be linked horizontally to the accounts of other employers. However, the central provident fund operates instead in the form of a radiating network. The main shaft of the corporate structure of the fund will be responsible for central management. While the horizontal shafts on one side represent the employers — and we are talking here about many employers at the same time — the horizontal shafts on the other side represent employees of various kinds. Given the radiating structure of operation, the employee's account may, through the operation of the fund, be linked to the accounts of more than one employer at any one time. Alternatively, even if the employee frequently and rapidly switches to accounts of different employers, the changing of accounts, as it were, would still pose no problem. The central provident fund will not only be able to cover employees paid by the hour and by the day, as well as people who are self-employed; it will also save a whole lot of administrative costs. Furthermore, its operation will also offer good security to the employee to the extent that even if he works for an employer for only a very short period of time, he or she is still entitled to the full contribution of his or her employer for the period of his or her employment.

Secondly, the central provident fund controls the cash flow of Hong Kong by means of a co-ordinated investment strategy. It will engage in investments which will be beneficial to the economy of Hong Kong, investments which will have a guaranteed return. For example, if the conditions of a reasonable return are met, then the money may be invested in Hong Kong's infrastructure, such as the Mass Transit Railway Corporation and the airport project. Since investment is going to be centrally co-ordinated, the possibility of fraud and malpractice will be reduced to a minimum. There is no need for the setting up of a monitoring body and this will in turn save public expenditure.

Thirdly, according to the figures provided in the consultation paper, the contributors to the individual retirement funds will be able, upon retirement, to draw a monthly pension which will amount to 40% of their average monthly salary for the period of their employment. However, I am rather sceptical of

this percentage. The reason is that it is only when the investment funds are sufficiently huge and highly concentrated that the contributions will at the end of the day be able to meet the pension payment, which is arrived at on the basis of the average life span, and which may be paid out on a monthly basis to individual pensioners. In this regard, I believe that only an extremely large-scale pension scheme (which is to say, a central provident fund) will be able to meet this kind of financial commitment. In any case, even with the setting up of a central provident fund, and even if the contribution rate suggested in the consultation paper remains unchanged, I do not think that the monthly pension pay-out will come to 40% of the average monthly earnings. I believe that there is a possibility of error in the calculation in the consultation paper.

Given its large scale, the central provident fund has many other advantages. First of all, the individual who has the means to contribute to the fund will be able to take out life insurance or disability insurance in order to ensure that reasonable compensation will be paid out even in the event of his death or disablement. Secondly, the central provident fund may also provide to contributors some form of medical savings scheme or medical insurance, which may be offered as fringe benefits to subscribers. One real example which we can quote is the medical savings scheme of Singapore which has actually been an offshoot of its central provident fund.

In view of the above advantages, the Government should give serious thought to the setting up of a central provident fund in Hong Kong which will suit our unique circumstances. However, insofar as the elderly people who have either already retired or are approaching retirement are concerned, there is no way the central provident fund can offer them any protection at all. In this regard, I am hoping that the Government will conduct a review of its policy with regard to our senior citizens. Particular consideration should be given, in the review of the old age allowance policy, to see to it that this kind of allowance will make sure that the old people who have nowhere to go and nobody to turn to will be able to cope with their daily expenses. More importantly, I would like to reiterate the point which I have made on numerous other occasions. These old folks should be allowed to return to their home towns in Mainland China for retirement. The Government should relax its existing rule that they have to return to Hong Kong at least once after going away for 180 days. They should be allowed to live in any part of Mainland China for as long as they like, provided that evidence of their being alive can be produced. This will save them the trouble and expenses of having to travel between Hong Kong and China.

Mr Deputy President, with these remarks, I support Mr HUI Yin-fat's motion.

DR LEONG CHE-HUNG: Mr Deputy President, the need for some retirement protection has been debated for over a quarter of a century. While most would have seen this as a necessity, until of late, the Government has resisted it. This issue is, perhaps, more imminent now for the following reasons:

1. firstly, the population is aging and more and more people fall into this category;
2. secondly, family unit in Hong Kong and their bondage is not as close as it used to be. The concept of the young caring for the old is now more difficult to come by; and
3. thirdly, although there is no direct relationship, many would like to see a system well entrenched by this Government to be continued into the next.

The concept of a compulsory retirement protection scheme is therefore considered at its initial phase as a move in the right direction. But regrettably, the details of this scheme as proposed by the Government leave a lot to be desired — it is a scheme that has no track record to base on; it is a scheme that gives all the freedom to the private sector; it is a scheme that the man in the street could find no life buoy, as it were, to grasp at at a time when they need it most; it is a scheme that shows no responsibility nor accountability on the part of the Government. What then is the bottomline of the Government? Is this only their opening bid? Or is the Government willing to do more?

Let us look at the scene from another angle. For years, central provident fund has been debated and rejected by the Administration. Perhaps it may be entirely the wisdom of the Government that private fund management can do better, or perhaps, as some may suggest, it may be pressure from the "employers". If the latter is the reason, the wind appears to be blowing the other direction. Employers now want retirement protection for their employees, and employers would like to see some government commitment, that is to say, they are not objecting to the central provident fund anymore.

Having gone so far, it is my sincere hope that, as legislators, we should put our heads together in pushing for something that we feel will benefit our workforce. It is therefore with great disappointment that I see amendment after amendment to a motion that presses the Government to do right. In essence, we are building a ladder for the Government to climb down; for the Government to take a nonchalant excuse over the issue; and to give the Government excuse to say "we will look at the whole issue again".

To return to basic, what does an aged retired person go after? He goes after a scheme that will generate for him a reasonable revenue to keep him going. He goes after a scheme which he has confidence in, confident that his revenue be guaranteed and confident that he would not wake up one morning to be told that the scheme is now up in smoke. In other words he needs a scheme

to be administered by a body he can trust which, in his mind, at this point in time is the Government of the day. A central provident fund type of a compulsory retirement scheme must be the way ahead.

A caring society should go beyond providing a monthly revenue to its members in their twilight years. It should provide a retirement programme that would cater for their other essential needs. Many of these, though currently available, are only taken on on an ad hoc base. Financing health care, for example, is most essential as statistics have shown that people over the age of 60 do require more curative care than the young. In these times, where medical insurance schemes are being discussed, where increase in fees and charges in public hospitals are being considered, a central provident fund that incorporates the concept of a compulsory territory-wide medical insurance scheme could provide added benefits that are forever wanting.

Finally, Mr Deputy President, in supporting a central provident fund, I am in no way objecting to an old age pension as proposed by my friend, Mr Jimmy McGREGOR. I am aware of the shortcomings of the central provident fund and the areas that it does not cover. My main aim is to call for a concerted effort to press the Government to do what we feel is the right step in the right direction. Having achieved that, we can then reflect on what we can do more to help the old people we care.

To put out too many options now is, in essence, giving the Government the excuse to put all in stall.

MR PETER WONG: Mr Deputy President, the major criticisms levelled at the proposed community-wide retirement system were the lack of protection against fraud and investment risks undertaken by fund managers in the private sector. There are inherent risks in any kind of private sector run insurance scheme. It begins with the bogus funds in which contributors place their money in the hands of unqualified and crooked individuals. While reputable banks, insurance companies and other financial institutions may offer more security, there is no absolute safeguard against maladministration and fraud, the Maxwell case being a glaring example. After much soul searching, I am now convinced that the need for security can only be met by centralized government control.

Back in July 1991 when this Council debated the central provident fund, I voted against the motion for two main reasons. Firstly, the Government, as a powerful institutional investor, could exert a stranglehold on the local markets, creating major unsettling effects on the financial, banking and foreign exchange sectors. Secondly, in the face of high inflation, a central provident fund would be expensive to administer. These concerns are still carried by the Hong Kong Society of Accountants.

Risks protection

It has been estimated that the community-wide retirement system would accumulate some \$20 billion a year, a sum far larger than any one insurance company can comfortably underwrite or fund management company can invest. Cumulatively, a major hong's pension fund is a very large sum and it would be difficult and expensive to insure for either investment or fraud risks. Without adequate insurance coverage, retirement funds will be subject to the invidious profiteering of private scheme operators at the expense of our workers. Since many of our financial companies are based overseas with no liability to bail out their local subsidiaries, why should the Government bail out those failed schemes using taxpayers' money? Given that the same pressure on the economy exists under both private and centralized systems, government control will definitely remove the perceived risks of retirement funds held fragmentally by a multitude of managers of varying ability and integrity.

A centrally operated scheme would enable the Government to purchase services from private sector companies while retaining overall investment directions. It will select and hire expert fund managers who will work according to a set of investment criteria and be accountable to the Legislative Council. If handled at arm's length, there is no reason why such funds could not provide a source for government borrowing and a source of stabilization for the foreign exchange market. Central control will also eliminate the problem of making the Government responsible for private sector funds which it can never adequately monitor.

Operational efficiency

Although a centrally operated retirement scheme is expensive to administer, it provides the economy of scale. In aggregate, the setting up of a myriad of private retirement schemes is very costly, pooled schemes are cheaper, and the centralized system the cheapest. Centralized operation also helps to reduce the intense competition for trained and experienced management staff and to save marketing costs included in charges made by commercial operators. Based on the example of the Exchange Fund, I cannot see any insurmountable technical problems in setting up a central retirement bureau the operational cost of which can be recovered from the funds themselves.

Further, a centralized body is essential to obviate the potential administrative confusion arising from the transferability and preservation of benefits, and the inequitable treatment of scheme members resulting from a large number of existing schemes of varying quality. It would enable the Government to obtain detailed and centralized computer data on retirement benefit provision for the formulation and fine tuning of future policy, which is necessary when dealing with such a complex field. Taken together, a centralized retirement system will yield far greater benefit and fair treatment for all, specially those earning small amounts who can ill afford to pay top charges.

Central bureau

Here, I wish to outline the structure of a central retirement bureau comprising three components. The Administration Division collects all data and information as to individual balances and entitlements. The Accounting Division provides estimates of cash flows, receives and collates data on investment performance, and assess investment objectives and efficiency. The Investment Division, equivalent to a major investment firm in size and expertise, should be cost efficient since it would not need to cost in the marketing of its services nor to provide high returns of dividends to its owners. Under the centralized system, the cost of scheme service, administration, investment management and reporting, audit and security will be centrally borne and recharged *pro rata* to the account of each individual member. The policing of private schemes offering superior benefits should be a relatively easier job and the cost can be charged through a licensing system.

Under the centralized system, the integration of compulsory scheme benefits with existing schemes can be simplified by adopting an approval process, giving automatic approval upon fulfillment of certain criteria. Integration of schemes should allow for an adequate transition period, and aim at equity, maximum benefits and as little changes to existing schemes as possible. The centralized scheme would solve many integration problems in that most employers will opt for the centralized scheme, thus reducing the number of variations. Needless to say, the Central Bureau must have broad guidelines for resolving problems arising out of the schemes integration.

Public response

Mr Deputy President, the prevailing booming economy makes it timely to launch a centralized retirement system. Employers are generally finding themselves more amenable to make affordable contributions for the retirement protection of their employees. As for the employees, experience of private provident schemes shows that they are willing to contribute at a reasonable rate.

It is, however, the part-time employees for whom the profit-motivated private service providers are unlikely to take in that a centralized scheme will be able to accommodate. This sector of our population — construction workers and so on — is the most vulnerable, having the lowest salaries and fringe benefits and unable to pay full market prices to get the needed service and protection. They should make retirement contributions according to a sliding scale.

The debate over a comprehensive retirement protection system for Hong Kong has dragged on for over two decades. It is high time the Government demonstrated its commitment to Hong Kong's long-term development, which is vital to the maintenance of stability and prosperity in the transitional period. A centralized retirement system, which not only offers

maximum security of funds but also guarantees economy of scale and equitable treatment for all, will prove acceptable to the people of Hong Kong.

Mr Deputy President, I support Mr HUI's original motion.

MR MARVIN CHEUNG: Mr Deputy President, the majority of the public's reaction to the consultation paper appears to be that there should be some sort of a retirement protection scheme and that it should be accompanied by a government guarantee or be operated by the Government in the form of a central provident fund. If the Government forces us to save, the argument goes, it should provide security for those savings.

Having acted as the convener of the ad hoc group to study the Occupational Retirement Schemes Ordinance, I should like to first of all make one or two points about the extent to which we may rely on that Ordinance to monitor and protect the proposed system because there were some misleading statements about this in the consultation paper. The Ordinance lays down a framework of safeguards for the operation of voluntary schemes. It is not designed for an overall compulsory system of savings and, as I pointed out to this Council when recommending the Bill, the provisions in the Ordinance would need to be re-examined in the light of any compulsory system. The Ordinance establishes a legal framework for registration of schemes but it is not, in any way, a guarantee to protect retirement schemes against mismanagement or fraud.

I do not believe that the Government should guarantee the proposed system. It would be unrealistic to expect the Government to underwrite the solvency of all schemes without a potential massive drain on the public purse because, as I have said, no legislation, no system of registration and supervision could prevent fraud. Even the Commissioner of Banking cannot, in spite of all its resources, guarantee that no bank will fail. How could any regulatory system for retirement schemes be expected to do any better?

The arguments for a central provident fund have been debated at length in this Council in recent years, with the majority concluding that it is not appropriate for Hong Kong. I endorse the arguments exposed by Members who spoke against a central provident fund scheme.

I now come to the crux of the debate. It seems to me, both from the consultation paper and the wording of the motion, that there is a lack of clear thinking about the rationale behind this proposal or a proposal for a central provident fund. What is the proposed system for? Is it, as the Government argues, a way of imposing a compulsory savings scheme? If so, how can it be justified when Hong Kong people already have a high savings ratio? Is it intended as a safety net for those who have no savings in their old age? If this is so, the proposed scheme will not work because most of these people are unlikely to have saved up sufficient funds in the remaining years of their working lives

even if this scheme was introduced. The answer for them is to improve social welfare payments. Is the scheme meant to be a free ride for employees with the employers being asked to pay more for labour? This is certainly how it will be perceived by many who are concerned about the effect of the proposals on the labour market and the economy.

Speaking as a certified public accountant, I must say that I found many of the financial projections in the consultation paper highly suspect. The most misleading figures are those given for returns on investments. It is suggested that returns of between 2% and 4% above inflation can be expected. I challenge the Government to produce a fund manager who has in the past or will in the future guarantee a return of more than even 2% below inflation year in, year out. Indeed I do not believe that there is a single professional fund manager in Hong Kong who would be prepared to guarantee a return in any way tied to inflation. The simple fact is that returns of retirement schemes would be much less than those quoted. Even if total efficiency and honesty could be somehow guaranteed, no scheme will be able to produce anything like the level of returns suggested by the Government in support of its proposal. If this proposal came into effect therefore, we would see a vast amount of the community's resources tied up in inefficient forms of investment and employees would have their savings locked up and eroded by inflation.

I find the consultation paper riddled with incomplete information, partial truths and misleading statistics such as these. I am most concerned that it does not give the public a realistic view of the consequences of what is being proposed and what it is meant to achieve and how. I have included these criticisms in a detailed submission that I have made to the Government. Until the fundamental question of the rationale for a compulsory retirement scheme is worked out, satisfactory arrangements made for the security of investments and a way found of guaranteeing adequate retirement benefits, it would be foolhardy to attempt to impose a compulsory scheme on the people of Hong Kong.

For these reasons, Mr Deputy President, I do not support the motion or Mr TIK's amendment. I shall vote for Mr McGREGOR's amendment.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, since the publication of the consultation paper *A Community-wide Retirement Protection System*, there have been strong responses from the community. The criticisms against the paper concentrate on the following two aspects:

- (1) the lack of financial guarantee as a result of which the safety of the system will be open to question; and
- (2) the lack of comprehensiveness, as over half of the population is excluded from the system.

What the consultation paper proposes is a compulsory retirement protection scheme which provides for the compulsory subscription of all employees. This concept has wide support in society. The Professional Teachers' Union has conducted a random sampling survey among aided school teachers which shows that over three fourths of them support this idea. The fact that these teachers support this idea despite the fact that there is already a proper provident fund system in place for them shows that they support it not out of self interest but from the consideration of the need to protect the community as a whole.

However, the consultation paper only suggests that all employees should be required compulsorily to join a private retirement protection scheme. There will not be any financial guarantee provided by the Administration. This has caused great worries and doubts. We have to bear in mind that the money entrusted to the retirement protection schemes is the hard-earned money of our workers. It is indeed out of good intention that we legislate to require our workers to save their hard-earned money as the means of livelihood after retirement. But if the money is entrusted to private organizations and these organizations run into difficulties ending up in heavy loss or even bankruptcy, all the money of our workers will have gone down the drain. This is the main worry of our workers.

Although the consultation paper proposes to enact legislation to monitor the private organizations that operate retirement protection schemes, it also points out that "it is not possible to legislate away the possibility of fraud". In fact, even under the stringent monitoring of the Banking Ordinance, there was still the incident of the Bank of Credit and Commerce. So without the guarantee of the Administration, how can our workers accept without worries such a compulsory retirement protection scheme? With the Administration's refusal to provide any guarantee, if any company operating retirement protection schemes goes bust, it will definitely cause a chain of social problems and consequently loss to society, and the responsibility for such serious consequences will eventually rest with the Administration.

The consultation paper also points out that any financial guarantee provided by the Administration "could encourage aggressive or unscrupulous fund management". Indeed, there may be some practical difficulties in holding the Administration responsible for high risk investments. There is only one way to avoid such dilemma, and that is to set up a central provident fund system to be administered by the Administration and monitored by society at large, with the responsibility for the fund being wholly placed with the Administration.

Mr Deputy President, another main criticism against the consultation paper is that its proposal does not cover the whole of society. Whether under the retirement protection system proposed by the consultation paper or the central provident fund system demanded by the majority of society, retirement protection will only be provided to the young employees of today. As regards

the self-employed persons, housewives, retired elderly persons, aged workers about to retire, and those who have for various reasons lost their working ability, all of whom accounting for over half of the population, the two systems mentioned above will not be able to help them. However, these people are also part of society and there should also be protection for their lives after retirement.

Mr Deputy President, I know an old woman who has no family nor relatives. She worked as a housemaid when she was young until 60 years old when she was forced to retire. After retirement and without means to make a living, she had no alternative but to use her meagre savings to become an unlicensed hawker. To an old woman, it is a sad life to be an unlicensed hawker, having to work in all weathers and to run away from the General Duties Teams with other young hawkers. Moreover, the income of a hawker is very unstable and may be just enough to make a living. I have advised her to give up being a hawker and apply for public assistance. But she refused. The main reason is that the amount of public assistance is really too small, and life in reliance on public assistance is really miserable. But a more important reason is that she has to declare all her savings in order to make an application. It is like begging and, she strongly feels, hurts her self respect.

Mr Deputy President, this old woman is in fact the reflection of many elderly persons now in Hong Kong. They contributed to society when they were young, but when they have grown old and lost their working ability, they cannot obtain the protection of society. With all the contribution they have made, they cannot get the reward they should have obtained. They are not willing to accept public assistance because they want to maintain their dignity as a human being. What they need is retirement protection and not public assistance.

What our society lacks is not the ability to take care of these elderly persons, what we lack is a system that can protect their lives after retirement, so that every retired elderly person can lead a stable life with dignity. The Administration really cannot evade this responsibility. It is definitely not an honour to let them keep on living in misery and difficulty. So it should be of a high priority to start examining the way to further widen the scope of a comprehensive social security system.

Mr Deputy President, with these remarks, I support Mr TIK Chi-yuen's amendment.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, as for today's motion debate, I had indicated my intention to move an amendment to Mr TIK Chi-yuen's amendment, but I was unable to obtain permission from the Deputy President. So I can only give the reasons why I tried to move an amendment in my speech. There is one major difference between my view and those mentioned in other Members' speeches (including the mover of the original

motion and the Member who moved the amendment motion), that is, I hope that the Legislative Council will urge the Government to set up a central provident fund scheme as soon as possible and to take a further step to implement a universal retirement protection scheme. Why is a universal retirement protection scheme so important? It is because this scheme has a wider coverage and more significance than the compulsory private protection scheme spelled out in the Government's consultation paper and the central provident fund put forward by some organizations. It is because my proposal covers all members of the public including those over 60, the retirees, women, the disabled and the unemployed.

First of all, I would like to say a few words about the so-called retirement protection scheme as contained in the consultation paper. The scheme is in essence one whereby the Government forces the people to set aside savings. Employers and employees are compelled to contribute to schemes operated by private insurance companies whereas the Government is not obliged to make any financial commitment or bear any responsibility. Saving practised under such circumstances means that peoples' contribution will be down the drain if there is any mismanagement or fund squandering on the part of the insurance company. In this connection, this so-called retirement protection scheme indeed is not able to provide any protection for participants' contributions. After all, it is the Government which in the first place forces the people to take such risky actions.

Another drawback of the scheme is the requirement that people who are in employment can receive full pension payment only by the time they retire after a long period of contribution. In other words, low-income local workers who have received little labour protection over the past several decades can expect no protection from the scheme which indeed has nothing to do with them and is not of service to them. In view of this, I find that the protection scheme proposed in the consultation paper is actually denying the housewives and the jobless a chance to receive retirement pension. The Hong Kong Association for Democracy and People's Livelihood (ADPL) and myself hold that housewives who stayed at home in the springtime of their life to take care of the household chores and their children rather than going out to work are, as a matter of fact, providing logistic support to the working sector. Their contribution is of prime importance to the community as a whole. Therefore, the retirement protection scheme should cover them as well. In terms of the principle of social justice, I think that this type of retirement protection has a very large loophole in the care of the elderly, especially the dependable disabled ones, and those who are without job in their early years and are not under retirement protection.

As for the establishment of a central provident fund, I think that its scope of coverage is basically identical with that of the private protection scheme mentioned just now. The only difference lies in the fact that a central provident fund is applicable only to the working population. Its merit is that those in employment may have final and basic protection as the fund would be run and undertaken by the Government. And their savings would be secure from any

losses due to human errors or greed. Its demerit is that it does not cover those not in employment. Moreover, as the Chinese saying goes, water afar quenches not fire near. It requires a participant to make contributions for a fixed period before he can receive retirement protection. For this reason, a central provident fund is the bottomline of a retirement protection scheme to me and the ADPL, though this is not the ideal scheme I have in mind. In view of the present situation, I still hold that Hong Kong has the necessary conditions and capability to implement a universal retirement protection scheme. As a matter of fact, many concern groups in the community have already put forward proposals for the setting up of universal retirement protection scheme to the Government. A common principle underlying the proposals is to have contributions on a tripartite basis by the Government, the employers and the employees so that all people reaching the age of 60 can receive pensions. And the pension amount is to be linked to the median wage or inflation rate. Furthermore, it is generally agreed that retirees with a longer contributory period can receive a larger sum of pension. As for non-contributors such as former workers now in retirement and housewives, the door is not shut against them. I and the ADPL have submitted our proposal to the Governor and the departments concerned. We hope the tripartite contributory scheme will give a *bona fide* protection to all the elderly over 60 in the territory so that they may receive a sum equivalent to one-third to 40% of the monthly median wage to meet their daily expenses. Hong Kong has seen an economic take-off over the past 30 years. Our success indeed owes much to those now in their retirement age who worked hard during the years. They earned meagre wages at that time, making it impossible for them to save enough for their twilight years while they were young. The public assistance of \$1,000 at current rate is indeed too small for those in need to lead a decent life. Therefore, it is time the community showed our senior citizens their deserved dignity and repaid them for their past contributions.

As for today's motion, Mr McGREGOR's amendment motion carries the same objective as that of the universal retirement protection scheme advocated by me. Our objectives are the same in principle but may differ in implementation. That does not matter. So long as the ideal and principle are common in essence, I would lend my support. As to Mr TIK Chi-yuen's amendment, he urges the Government to set up a central provident fund scheme which is the bottomline I set for today's debate. For this reason, I support Mr McGREGOR's amendment. It will be most desirable if his amendment motion is carried. If not, I shall then support Mr TIK Chi-yuen's amendment motion.

MR MICHAEL HO (in Cantonese): Mr Deputy President, the subject of retirement protection, including the proposal for a central provident fund and the compulsory private provident fund scheme put forward by the Government, has been debated many times in this Council. The message in these debates is very clear. The majority of the Members are of the view that the proposal in the consultation paper is not sound and is riddled with serious problems,

particularly in the aspects of risk guarantee, taxation and coverage. It also fails to take care of the social security for the elderly, the self-employed and those approaching retirement. As a matter of fact, the issue of retirement protection has been repeatedly debated in this Council since 1987. Members' views were divided at the beginning. But today the Manpower Panel of the Legislative Council has come to an agreement that the Government should reconsider the setting up of a central provident fund. Thus it can be seen that a consensus has been gradually developed in this Council over these years, that is the Government should reconsider the introduction of a central provident fund. As for the merits and demerits of a central provident fund and that of a compulsory retirement scheme, they have been examined in detail by our colleagues, and I do not intend to repeat.

The United Democrats of Hong Kong (UDHK) have stated clearly in our 1991 election platform that we shall strive for a central provident fund. Since this subject has been thoroughly discussed both within and outside this Council, the Government should indeed implement the central provident fund scheme as expeditiously as possible so as to provide a properly designed retirement protection system to all the people of Hong Kong.

The UDHK support, in principle, the spirit of Mr HUI Yin-fat's motion which urges the Government to bear the final risks. But the central provident fund that we advocate precisely dispels the employees' worry that their hard-earned money would go down the drain. Besides, it can also allay the fear of encouraging high-risk investments by operators of private provident funds as a result of having the Government acted as the final guarantor. Hence, the establishment of a central provident fund is indeed killing two birds with one stone. This is not the time for procrastination. We have been discussing and fighting for a central provident scheme for the past 25 years. We will not give up our effort simply because the Government has published a consultation paper which is flawed in many areas and lacks commitment on its part. Nor does it mean that the Government can shirk its responsibility. We hope that the demand of the public could be clearly and directly reflected to the Government via the Legislative Council. And Mr TIK Chi-yuen's amendment meets our requirement.

Regarding the solution to the livelihood of the elderly and those approaching retirement, we cannot just sit there awaiting the implementation of a provident fund. In order to address the problems of aging population and inadequate social security, the Government should formulate a comprehensive social security scheme as soon as possible and review the outdated Public Assistance Scheme. This will make the social security system complementary to retirement protection, thus further improving the social welfare system of Hong Kong. The UDHK therefore support Mr TIK's amendment to the original motion. As for the amendment moved by Mr MCGREGOR to Mr TIK's amendment motion, since we cannot see any call for an early implementation of the proposal of a central provident fund in the Government's retirement

protection scheme, which is indeed the most crucial part of this debate, the UDHK are opposed to Mr McGREGOR's amendment motion.

With these remarks, I support Mr TIK's amendment motion.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, the subject of the current debate is not new. Since I became a Member of this Council over a year ago, this is already the third time we debate the issue of compulsory retirement protection.

Everyone is aware that Mr Henry TANG and I take the same stance that the Government should bear the risks of retirement protection, that it should set up a welfare scheme similar to the old age pension scheme for the retirees, those about to retire and low income employees and that it should set up a central provident fund (CPF). Mr Henry TANG is out of town today but I hope the consensus between Mr TANG and me can also become the consensus among the UDHK, the CRC and other political parties. This is my aspiration as well as Mr TANG's. We have wasted a lot of time going round the question of whether a comprehensive retirement protection scheme should be implemented in full scale and the way to implement it. As Members of this Council this time have displayed some rarely-seen solidarity in urging the Government to take up the necessary responsibility, we must make good use of it and not let the Government keep on shirking its responsibility.

Despite two amendment motions to the original motion today, I do believe that the crux of the problem lies in the Government's shirking responsibility and putting forth a retirement protection model which is the only one of its kind in the world. This model sparks fears among the people because while it is a must to make contributions, at the end of the day they might lose everything. All in all, they can only hope for the best. On the other hand, to the disappointment of several hundred thousand senior members of our community, the Government's proposal does not offer anything new to retirees who are urgently in need of retirement protection.

Today, the consensus among the majority of the Members is to set up a CPF, having regard to the difficulties in managing and monitoring a private provident fund. Moreover, successful examples of such private operations elsewhere which we might draw on their experiences are rare. Some colleagues are worried that the Government would wash their hands of the matter if we insist on the setting up of a CPF. Thus, they think that we should take the sour oranges or the second best if we cannot have the sweet ones or the best. However my worry is that in the absence of a full commitment by the Government, the oranges that workers eat at the end of the day are not even sour ones, but rotten ones which would bring harmful results.

The setting up of a sophisticated and comprehensive retirement protection system is not only necessary, it also brooks no delay to do so. If the Government threatens to introduce no relevant scheme at all because we refuse to accept the rotten oranges, shall we then fold our hands and do nothing about it?

I would like to reiterate the three principles and demands of the Hong Kong Confederation of Trade Unions on retirement protection:

1. entirety — retirement protection should cover all and protect all against old age;
2. security — retirement protection should be foolproof, secure and reliable; and
3. adequacy — retirement protection should be adequate to ensure the people a decent living.

I now urge all of you — those of you who have been relentless in your pursuit of democracy and those of you who have spared no effort in demanding convergence — no matter how different our political stances are, please join hands on this issue of retirement protection to establish a sound retirement protection scheme for the benefit of those who cannot and would not leave Hong Kong.

Irrespective of whether today's motion would be passed in its amended form or in its original form, I hope all Members and all interested parties would still regard the setting up of a CPF as our unequivocal and common goal and to take actions together to realize it.

Mr Deputy President, the Government has wasted more than 20 years in the issue of retirement protection. Those who were in their promising age in the 1960s and who had contributed towards a prosperous Hong Kong have now reached their retirement age. However, there is still no sign of any retirement protection. I hope we would be presented with a comprehensive protection scheme next time when the issue is debated in this Council.

Finally, I urge that all opinions collected during the three-month consultation period be made public so as to enable this Council and other individuals to evaluate the opinions expressed by members of the public instead of leaving it to the Government, who has already assumed its own position, to do the assessment.

Mr Deputy President, I so submit.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, I believe colleagues in this Council must be so familiar with the content of the motion moved by the Honourable HUI Yin-fat that they can repeat it verbatim. The Legislative Council has held no less than five motion debates on retirement protection. I believe this is one of the few subjects which have the highest rate of recurrence on the agenda of the Legislative Council. Although this question has been debated for more than two decades, today it is again raised for debate in order to press the Government to do something. Why does the Government turn a deaf ear to this clear message from the community and the Members? It should not unless it has a heart of stone.

Last year, I indicated to the Government that I had certain expectations as regards the implementation of a compulsory retirement protection scheme. The result is the greater the expectation, the harder the disappointment. The Government's insistence on individual planning by the private sector will create a lot of problems, let alone achieving the set policy objectives. However, the Government's willingness to implement a compulsory private retirement protection scheme shows its affirmation that better retirement protection is necessary for Hong Kong. But why has it chosen a proposal that embodies neither commitment nor direction? Is the Government doing this only to deal with pressure from the community? It must be noted that retirement protection affects the post-retirement life of some 2 million of the workforce of Hong Kong. It is in no way less important than the construction of the new airport. Turning to the consultation paper, we would find in its introduction that the Government has rejected a central provident fund for the following reason: "The Government does not favour setting up a central provident fund (CPF), largely because the volume of funds that would be under centralized control for investment purposes would have a major unsettling effect on the financial, monetary and foreign exchange markets." But the Government has all along been harping on this old tune to dismiss the possibility of setting up a CPF. I can hardly understand why up to this very day the Government still takes shelter behind these unproven reasons when it has already shown its willingness to plan for the retirement protection of the people. The Government has been very confident of its administration and efficiency. Given that places like Malaysia and Singapore can manage their CPFs efficiently and effectively, why does our Government seem to have lost its confidence all of a sudden when it can boast a very good track record of managing the colossal volumes of funds in the Exchange Fund and Land Fund? Although the inflow of large volume of funds into the financial markets is a cause for worry for the Government, if the Government is sincere, it should examine, on the premise of a CPF's affirmed feasibility, how to minimize the unsettling effect of large volume of funds on the financial, monetary and foreign exchange markets by means of legislation and guidelines. It can also draw fully on its experience of fund management to reduce the undesirable effects of a CPF. I believe difficulties can be overcome as long as more thorough and cautious consideration is given by the Government in its implementation of a CPF.

I think that the line of thinking expounded by the Government is a patent excuse. Our demand that the Government should reconsider the implementation of a CPF is, on the one hand, meant to relieve the public from fears arising out of the deficiencies of the proposals for a compulsory retirement protection scheme which can well be substituted by a more comprehensive and secure central provident fund scheme, while on the other hand, it is meant to provide better protection for the post-retirement life of our people.

Mr Deputy President, in responding to the Honourable Henry TANG's proposal for a central provident fund scheme during a debate on retirement protection in this Council in December 1991, the Chief Secretary, Sir David FORD, stressed that it would delay the introduction of the compulsory private retirement protection scheme under planning. In other words, we are offered either the fish or the bear's paw. If we chose the bear's paw, we do not know when we would have the fish, or none at all in the end. However, now that this consultation paper is published, we found that the fish is a nei-mang (泥鯁). In fact, it is the difference between a "nei mang" and the bear's paw. But eating the nei-mang (泥鯁), one can easily get a bone stuck in one's throat. Therefore, I hope very much that the Government can show some sincerity by refraining from turning this question into a matter of choice between the fish and the bear's paw. It should, in compliance with the people's demand and the opinion of this Council, introduce a CPF scheme as soon as possible.

These are my remarks.

MR ERIC LI (in Cantonese): Mr Deputy President, this is the third time I speak on the same subject in the motion debates on retirement protection. I have reservations about setting up a central provident fund. Rather, I propose the introduction of a retirement insurance fund, the setting up of a central management board, the enhancement of a joint participation of employer and employees in the running of the fund and placing the fund under better protection. I believe my position in this respect is unmistakable. What I am going to do today is to add a few words about how I decide on my voting among the various amendment motions before this Council.

I basically agree to the arguments put forward by Mr Marvin CHEUNG just now in respect of the nature of a central provident fund and an insurance fund and the risk of investment. Mr HUI Yin-fat's motion merely takes a neutral stance in urging the Government to consider the opinions expressed by the public. In view of the fact that central provident fund is indeed a topic frequently touched upon in the opinions expressed by the public and no discussion is devoted in the consultation paper to each major option available, I find Mr HUI Yin-fat's motion acceptable, on the belief that the Government should seek public opinion as extensively as possible, though I do not totally agree to the arguments for a central provident fund.

A still more important point is the good will behind Mr HUI Yin-fat's motion. His remarks fully convince me, and even help remove certain prejudice in my mind, that unity is power. Legislative Council today is still nothing more than a body with a check and balance function. And this is not a legislature-led government. If colleagues in this Council think that by passing a motion we can compel the Government to give in and accept a scheme which it is reluctant to implement, I think such wishes are merely creating another beautiful misunderstanding in this Council. If one believes that the whole debate on retirement protection scheme would come to such a conclusion, I am afraid that it may make the 80 000 workers get nothing at the end of the day, not even a sour mandarin.

The concept of a retirement insurance fund is certainly an improvement to the present proposed compulsory retirement protection scheme. I have discussed the idea with various people. Although many realized and felt that this was not the most perfect scheme, they acknowledged that it embodied a balanced consideration of many aspects, including the Government's stance and the spirit of fairness to have a tripartite commitment by the Government, the employers and the employees. This, after all, is a highly feasible proposal at this stage.

Mr TIK said that this was a patchy proposal. As the Chinese saying goes, "tinkering and patching takes three years". A patched old clothing is after all something one may use to cover one's body and meets one's minimum needs. It is not a shame for a Member to put forward a "patchy" proposal so long as he sincerely expects the Council to endorse it conscientiously rather than talking big or hard-selling "the emperor's new clothes".

I have already pointed out clearly in the last debate that after its implementation for a certain period, the currently proposed compulsory retirement protection scheme should undergo a comprehensive review. If no serious unexpected incident happens, the fund accumulated by that time will have increased to a certain extent. In addition, the Government should have acquired more first-hand experience of the operation and management of the fund. If we are to consider implementing a more comprehensive social security scheme on a larger scale by then, with the available fund, the practical experience gained and our confidence built up on the fund, the conditions will ensure the success of any reform. We are then able to meet everybody's aspirations.

Mr HUI Yin-fat's motion allows the Government to make a certain degree of ultimate financial commitment in the initial stage so that the employers, the employees and the Government may jointly take the first step under a tripartite system. For this reason, I am willing to vote for Mr HUI Yin-fat's motion.

MR JAMES TO (in Cantonese): Mr Deputy President, every hard-working employee wishes to live his twilight years in peace, never having to worry about

making ends meet after retirement. Since they have contributed the prime of their lives to the community, retirement protection should therefore cater for the needs of these "working bees". However, throughout the whole consultation paper on retirement protection, we find that the Government appears to have little determination and sincerity in implementing this scheme. I am very disappointed at this.

My office has conducted eight questionnaire surveys on this consultation paper in the streets of Tsim Sha Tsui, Yau Ma Tei, Mong Kok and Sham Shui Po. Together with those by post, I have sent out some 10 000 questionnaires. Findings of the various surveys indicated that nearly 90% of the respondents support the establishment of a retirement protection system. 80% of the respondents worry that they may not get back their contributions eventually for management, investment or some other reasons. When asked to give suggestions for improvement, 70% of the respondents think that there should be a central provident fund (CPF) or a scheme financially guaranteed by the Government who should be responsible for the investment of the funds accrued. The percentage of the above questionnaire survey findings indicated that the great majority of respondents are in support of setting up a compulsory retirement protection system. But this system suffers from a general fear that contributions of several decades' savings might go up in smoke. How could the public feel at ease with their contributions without a guarantee? Moreover, findings of the surveys revealed that 50% of the respondents are of the opinion that the age for collecting retirement benefits should be 60, while 25% of the respondents think it should be 55. The Government's idea is therefore out of keeping with public opinion as reflected by the surveys. I honestly hope that the relevant authorities can listen to the views of the people carefully.

As an elected Member from Kowloon West, I have to point out that it is an old district where there are many retired persons and people earning a low income. In paragraphs 3.2 to 3.5 of the consultation paper, the working group maintained that persons earning a low income should not be exempted from contribution. But the reasons suggested by the group are hardly justified. It is because once we are committed to drawing an exemption line by reference to income, whichever way we do it, there is bound to be a group of people whose income just barely passes the line. Therefore, the reasons given by the working group do not justify its dismissal of exemption from contribution. I think that the Government should set a minimum wage level whereby contributions should be made by employers and the Government for employees whose wages are below this level. If the Government insists on contribution by low-income earners, the provident fund payments due to them upon retirement would not exceed Public Assistance payments. Hence they may become reluctant to join a provident fund or try all means to avoid making contributions. Given that the amount of Public Assistance payments may be more or less equal to the payments from a contributory scheme, would it not be more economical to avoid the scheme contributions and apply for Public Assistance upon retirement? In respect of retired persons, I suggest that the Government should revise comprehensively the method of calculation for Public Assistance

payments. The amount payable to recipients should be raised and calculated according to the inflation rate and on the basis of real economic growth. As for income earners who apply for Public Assistance, the percentage of exemptible income should be raised so as to increase in real terms benefits under Public Assistance.

The Honourable HUI Yin-fat expressed the hope that we can unite together in striving for a better deal with the Government. Although I am not the last speaker, having heard the speeches of the majority of colleagues who spoke before me, I feel that they are in support of setting up a CPF irrespective of whether they fully agree or barely agree to the motion. I hope that the officials concerned will get the message very clearly today — that this Council has no divergence of views despite difference in the wording of the motion and the motion for amendment or the strategy of implementation. What we are demanding ultimately is identical, that is, setting up a CPF. I hope that the Government has got this message loud and clear and implement this scheme as soon as possible.

Two Members have mentioned that they do not support the second part of the Honourable TIK Chi-yuen's amendment motion, that is, to examine the question of social security. They are worried lest Hong Kong might become a welfare community. I should like to ask these two Members to look at Mr TIK's amendment again. It refers to an examination of the feasibility of social security in order to ensure retirement protection, rather than the unemployment protection as cited by the Honourable Ronald ARCULLI. It aims at the implementation of a comprehensive plan of social security for people who cannot benefit from a retirement protection scheme such as those who are less fortunate, patients of chronic diseases and housewives. Therefore, I think that some of us are only misunderstanding the content of the motion. This Council is not divided.

With these remarks, Mr Deputy President, I support Mr TIK Chi-yuen's amendment.

DR SAMUEL WONG (in Cantonese): Mr Deputy President, the consultation paper on a territory-wide retirement protection system leaves a lot to be desired:

Firstly, the consultation paper rejects any element of social security in the system. Hence no protection will be offered to those who have retired or who are approaching retirement.

Secondly, the consultation paper merely put forth an employment-related system which covers employees only. A majority of the population, including housewives as well as those who are unable to take care of themselves, such as the physically and mentally handicapped, will not be covered.

Thirdly, the Government refuses to serve as the final guarantor for the financial risks.

Fourthly, since all contributory schemes will be operated by private institutions, there will be considerable difficulty in monitoring them.

If a territory-wide retirement protection system is to be established, it should be made compulsory by law in view of its extensive coverage. The Government must bear the responsibility of monitoring the system. If the Government really seeks to provide retirement protection, it must undertake to act as the final guarantor for the risks involved. Since the system will be operated on a compulsory basis, it is logical to request the Government to provide the final guarantee. I do not think there is any organization which can take the Government's role in this regard. If the Government introduces legislation requiring employees to make compulsory contributions to private finance companies, it can no longer claim that it adopts a positive non-intervention policy or takes a neutral stance. Obviously, there is a tendency to show favour to large consortiums. The situation would be different if the contributions are made on a voluntary basis instead of compulsory one. But then it will certainly not be a universal retirement protection system. In fact, a decentralized system may not necessarily be advantageous as suggested by the consultation paper. A centralized management system has the advantage of utilizing the funds flexibly by responding to market changes. The Government may even apportion the money among private sector fund managers so as to diversify the investment. It is therefore not impossible to obviate the problems associated with a centralized system. Actually, the setting up of a central insurance fund may not be able to remove the risks faced by private companies, for it will involve huge amounts of money and administrative costs. From the angle of cost-effectiveness, employees will also get a lower return for their contributions. If government funding is necessary, a minimum amount of \$3 billion would have to be injected, this would indirectly encourage private institutions to make high-risk investment, thereby increasing the chances of failure. Besides, the injection of public funds may have the effect of financing improper management of the fund by private institutions.

It would be more worthwhile to consider the tripartite contributory scheme proposed by some experts on social security. According to their proposal, the Government, the employer and the employee only have to contribute 2% of the wage, and those above the age of 65 will immediately be ensured a reasonable standard of living. The rate of contribution will at the most be increased to not more than 4% over a period of several decades. The general public will have ample time to adjust to the increase. And special arrangements may also be made for low-income earners. The employees are only required to cut their spending and make contributions to the scheme. This will bring about an improvement in the general well-being of the society. This is a long-term benefit which can be made possible by Hong Kong people taking the applaudable action of investing in the future.

All in all, I think if a comprehensive retirement protection system has to be set up, the Government should provide a legislative framework to make the system compulsory. The responsibility for its proper monitoring should also rest with the Government. If we want to have a retirement protection system which matches its name, we should not accept a decentralized system which is compulsory and lacks final guarantee against the financial risks. A centralized provident fund system would be more conducive to the development of a social security system.

I support that protection should be offered to workers who have retired or those who are about to retire and I support that studies should be made along the lines of a central provident fund scheme. I therefore tend to support Mr TIK Chi-yuen's amendment motion.

DR PHILIP WONG (in Cantonese): Mr Deputy President, retirement protection is a matter of concern to Hong Kong people regardless of their social background and political affiliation. The Government should not only ensure that an employee's livelihood is better protected after retirement, but also pay attention to the well-being of the people in their retirement who contributed to our economic prosperity in their prime years.

I have consulted members of the Hong Kong Chinese General Chamber of Commerce (HKCGCC) on the consultation paper *A Community-wide Retirement Protection System* published last October. And an ad hoc group was set up by the HKCGCC to study the paper. After some thorough discussions, the group puts forward the following opinions:

- (1) The Government should adopt a step-by-step approach. The first step should be to encourage and guide all the local businesses to set up retirement protection schemes on a voluntary basis for the purpose of fostering a general acceptance of the idea among the people in order to develop the voluntary schemes into compulsory ones. This is better than hastily implementing the compulsory scheme recommended in the consultation paper.
- (2) The lack of stringent co-ordinated management and effective financial guarantee may lead to a recurrence of the Bank of Credit and Commerce incident. If the Government is resolved to implement this scheme, it should do more than merely introducing a simple piece of legislation but should earnestly consider making the necessary guarantee against any financial risk so as to safeguard the interests of all the contributors.
- (3) Some of the proposals in the consultation paper are unfair to the employers. For example, it is required that daily and hourly paid workers should be given retirement protection and that when a worker changes job, the benefits accrued from his previous

employer should be transferred to his new employer's scheme upon change of employment. All these will create great difficulties in administration and have negative effects on industries of high labour mobility and many small and medium businesses. On the other hand, employers would not be able to claw back their contributions to a retirement benefits scheme in respect of a particular employee when the latter is dismissed for good cause whereas employees would be allowed to withdraw their accrued retirement benefits in case of emigration. Whether these recommendations are fair is open to question.

- (4) The consultation paper recommends that workers in Hong Kong on short-term employment contracts should also be required to participate in the retirement protection system. This recommendation indeed is not in line with the spirit of a pension system. Furthermore, when setting the imported workers' minimum wage level, the Labour Department has already given due consideration to their benefits. In formulating policies, the Government must act according to local circumstances rather than adopting those directly from foreign countries.
- (5) The consultation paper sets the level of retirement benefits at 40% of the average career earnings in real terms of the workforce. What is the rationale for this proposal? It is also doubtful whether this level is high enough to protect retiree's livelihood. The consultation paper also fails to provide relevant data on retirees who have difficulties in making ends meet, nor facilitate the public to make assessment as to whether the proposed scheme be implemented or not.

I hold that a sound retirement protection system should be weighed from many angles. Apart from meeting the needs of the retirees and the elderly as far as possible, the system should also give due consideration to the possible costs borne by the business sector and see whether the desirable results can be achieved. It is beyond dispute that employers in the business sector are positive in the participation of the retirement protection scheme because they would like their employees to work for them on a long-term basis so as to jointly promote the businesses and the prosperity and stability of the economy. If we follow certain recommendations in the consultation paper, it will run contrary to the employers' wishes, lead to a higher mobility of labour, thus damaging the common interests of the business and the employees alike and defeating one of the basic purposes of implementing the scheme. For this reason, I urge the Government to give thought to the above-mentioned issues in its consideration of setting up a sound retirement protection scheme.

Mr Deputy President, these are my remarks.

DR YEUNG SUM (in Cantonese): Mr Deputy President, regarding this motion debate on retirement protection, our colleagues have put forward various amendments. This shows that Members of this Council are very concerned about the Government's policy on retirement protection. It is hoped that public opinions will be debated and reflected.

In view of the problems of aging population and insufficient income after retirement, by now, the Government, Members of this Council and people of Hong Kong all realize that an early implementation of the retirement protection scheme is necessary. The majority of Members more or less hold the same view in this regard. As to the disadvantages of implementing the proposed scheme on a decentralized basis as mentioned in the consultation paper, they have been examined in detail in the last debate, and I do not intend to repeat. It is ridiculous that though it is determined to provide retirement protection, the Government does not choose a central provident fund scheme which will have long-term effects as well as a direction and will incur lower risks. This will achieve the policy objective of offering retirement protection to the people of Hong Kong. The Government only looks at things from the economic point of view. It thinks that with a central provident fund, the large sum of funds that would be under centralized control would have unsettling effect on the financial and monetary markets, thus ruling out the possibility of a central provident fund. One cannot help asking: what is the main objective of retirement protection? Is it only aimed at economic targets? Such an argument which attends to trifles to the neglect of essentials is obviously unconvincing. Now, when Members of this Council and the general public have gradually reached a consensus on the need of establishing a central provident fund, we should not let the Government employ delaying tactics. Instead, we should press the Government to show its sincerity and urge it to give serious consideration to the implementation of a central provident fund.

The United Democrats of Hong Kong (UDHK) conducted a survey on retirement protection in different districts. The result clearly shows the public do worry about the proposed private provident fund scheme. Among the 900 people interviewed in Hong Kong West, 84.5% said that the Government should make its commitment and provide financial guarantee. Of the 84 employers interviewed, 86% responded that the Government should provide financial guarantee against any risk. As for central Kowloon, of the 600 people interviewed, 77% expressed concern about mismanagement and improper investment of their contributions, and that their contributions might not be recovered because of other reasons. Over half of those who have such worries (that is, 50.9%) are in favour of establishing a central provident fund. I have come across a lot of old retirees in my constituency who have to depend on public assistance and are leading a miserable life. Indeed, no matter what kind of retirement protection the Government is going to introduce, the old people will not be directly benefited. These old people who have contributed to the development of Hong Kong in the past should be able to continue to live with dignity. The Government also has the obligation to assist them to improve their livelihood. Hence, the UDHK urge the Government to implement a central

provident fund. Meanwhile, it should also review the present social security system and update the Public Assistance Scheme which can no longer meet the present needs, so as to attain the goal of "protecting the livelihood of the elderly".

With these remarks, I support Mr TIK's amendment motion.

MR WONG WAI-YIN (in Cantonese): Mr Deputy President, while Mr TIK Chi-yuen has set out the reasons why Meeting Point requests the Administration to set up a central provident fund, I will talk about the importance of a comprehensive social security system, by referring to the impecunious and hard lives of the retired elderly persons in the absence of any retirement protection.

Hong Kong is now facing the pressure of a growing number of elderly people and a growing expenditure on the economic assistance provided to them by the Administration. In 1991, there were 740 000 elderly persons aged 60 or above, accounting for 13% of the population, and by 2001, the number will have increased to 970 000. There are now signs that the lives of elderly people are getting more and more difficult in the absence of retirement protection. Let us look at some figures.

Firstly, in September 1992, there were a total of 77 211 cases of public assistance among which 50 091, that is 65%, are cases of assistance to elderly persons. These 50 000-odd cases also represent an 8% increase over the 46 091 cases recorded in September 1991, which is the highest rate of increase over the years. It is estimated that the rate of increase will continue to climb in the next few years. By 2001, the expenditure on public assistance is estimated to be over \$1 billion, which will mean a very heavy burden on the Administration. Moreover, many organizations have been demanding strongly for an increase by almost 100% of the base amount of public assistance. This will bring even greater pressure on the Administration.

Secondly, in 1991, there were 157 000 elderly persons still working, meaning that in every five elderly persons there was one still working. Among these 150 000-odd elderly persons who have retired but still have to work, 24 015 are earning less than \$2,000 a month. They are struggling for survival below the poverty line. Of course, it is advisable and beneficial to the health of elderly persons if they can continue to work on a remunerated or voluntary basis so far as their experience, physical condition and knowledge allow them to do so. Unfortunately, many elderly persons are now working because they have no other choices. To make a living, they have to keep on taking low-paid jobs, and they have all along been subject to exploitation and deprivation.

Let us now turn to two other problems. Firstly, relevant information shows that there were 200-odd cases of elderly person suicides in each of the past few years. On average, there was one such case every other day. The main reasons behind these suicides were chronic illness and poverty. The situation is

really worrying. Secondly, the continuous increase in the elderly population will mean a heavy burden on those families who have to support aged parents. Moreover, whenever there are quarrels between the old and the younger generations, the aged ones will mostly have to swallow their grievances because of their reliance on the young ones, and this hurts their self-respect.

Mr Deputy President, in the absence of a comprehensive social security system, the problems that we are facing are of course not confined to those that have been mentioned above. For example, many elderly persons are still living in "cage" apartments or have even become street sleepers. This is indeed a shame on Hong Kong. Therefore, we can delay no more examining the introduction of a comprehensive social security system, which can relieve on the one hand the Administration of the pressure from the continuous expenditure on public assistance, and on the other hand the younger generation of their burden. More importantly, this will enable elderly persons to live with more dignity in their retirement life and enjoy their remaining years without worries. Moreover, they may also use their leisure time to serve the community or to receive education again. All these can make our society even more stable.

Mr Deputy President, in the past 25 years, there have been numerous discussions and debates on the issue of setting up a central provident fund. In the past year, this Council has held three debates, including this one, on retirement protection which covers the question of central provident fund. The motion that Mr HUI Yin-fat moves today requests the Administration to re-examine the introduction of a central provident fund and a retirement protection system. Are the discussions and debates in the past 25 years not enough? Mr Deputy President, I should like to make an analogy. Suppose there are now some people who are starving and need a meal, and a lot of people are saying that these people should be provided with meals as soon as possible; however there are still some other people who have to consider whether meals should be provided to them. Meeting Point considers this regrettable. Of course, I believe that Mr HUI is supportive of setting up a central provident fund, but the wording of his motion may give the Administration a pretext to again veto the setting up of such a fund. Therefore, Meeting Point proposes to amend Mr HUI's motion, and strongly demands the Administration to set up a central provident fund as soon as possible and to start examining the introduction of a comprehensive social security system. To use my analogy, the Administration should cook the meals immediately, instead of still considering whether it should cook the meals for those in need.

Mr Deputy President, with these remarks, I call on honourable colleagues to support Mr TIK Chi-yuen's amendment which imports a better defined and more specific stand.

MR ROGER LUK (in Cantonese): Mr Deputy President, Members who have spoken have already given a detailed analysis of the consultation paper, and I shall not repeat the arguments advanced. The main stream of opinions is in

favour of introducing a community-wide retirement protection system, in particular a central provident fund, with the Government bearing the final risks. I would like to concentrate on several fundamental issues, namely: (1) the coverage; (2) the level of protection; and (3) the role of the Government.

There is a Chinese saying that "without a sheep, there can be no wool". The rationale behind a retirement protection scheme is very simple: an employee will save up a sum of money every month during his employment for his livelihood after retirement. Because of inflation, it is necessary to make investments with the money saved and the purchasing power is maintained by the annual growth of the savings. However, individual resources are limited while many a little makes a mickle. The latter way of managing the sum of savings will be more cost-effective. It is against such background that a retirement fund scheme is brought into being.

Thus it can be seen that a retirement protection scheme is basically targeted at the employees. As for others who do not have a stable job and those unsalaried people, such as the housewives, they are not covered by the scheme because of their job nature. Besides, in the initial stage, retirees will not be covered and the protection for those approaching retirement is also limited. In fact, the provision of old age protection for these people is already under the spectrum of social security and is outside the realm of retirement protection.

As for the level of protection, no matter whether the retirement protection scheme is a defined contribution scheme or a defined benefit one, it is pegged to the monthly salary of an employee. Hence, the benefits for low-paid employees will naturally tend to be low. Moreover, under a defined contribution scheme, what the beneficiary receives upon retirement depends on the accrued investment benefits, though some schemes do provide some guarantee of a minimum benefit.

The level of protection in a retirement scheme actually depends on how much the employee is willing to contribute each month during his employment. In normal circumstances, the higher the ratio is, the greater the protection will be in the future.

What the consultation paper proposed is the introduction of a compulsory retirement protection system, which has given rise to various disputable issues. Should it be centralized? Should it be extended to unsalaried persons? If it continues to be operated by the private sector, should the Government provide certain degree of ultimate guarantee? The majority is of the view that the Government should provide some guarantee to protect the beneficiary from losses as a result of fraud or other illegal practices. However, this kind of "protection" may lead to the problem of "moral risk", that is the fund manger will tend to engage in rather high-risk investment, which may bring losses instead of profits to the beneficiaries.

Some even think that the Government should directly take up the responsibility of implementing a central provident fund scheme. Those in favour of this are of the view that under the centralized administration of the Government, risks like fraud, improper management and illegal practices will be eliminated. In addition, there is the advantage of the transferability of the accrued benefits upon change of employment of the beneficiary.

In fact, a central provident fund, which is a defined contribution scheme does not necessarily incur less risks. What the beneficiary ultimately receives still depends on the return from investment. Therefore, it does not necessarily yield greater benefits than other schemes provided by individual employers. To think that a central provident fund scheme can solve all the existing problems is indeed a beautiful dream.

At present, the market of retirement protection schemes operated by the private sector is quite mature. It is estimated that one-third of the employed workforce is already under the protection of some forms of retirement scheme, among which the defined benefit ones provide better protection than any type of central provident fund scheme. Therefore, under the present circumstances, the introduction of a compulsory central provident fund scheme not only deprives employees of a choice, but also imposes injustice on those employees who are already receiving a better scheme of protection. If the central provident fund is not a compulsory one, then it will be only a publicly operated provident fund scheme, which will lead to the problem of "contention for profit with the public".

In view of the fact that the population is aging, the Government should, without delay, conduct a comprehensive review of the existing social security system and extend its coverage to include the already retired elderly people, those approaching retirement but not yet protected by any kind of retirement scheme, and to look after the future livelihood of the low-paid workers.

Mr Deputy President, with these remarks, I support Mr McGREGOR's amendment motion.

MISS ANNA WU: Mr Deputy President, much has been said by Members of this Council on the desirability and indeed the necessity of establishing a comprehensive system of social security for Hong Kong. I support that proposition, regardless of whether it be in the form of an all embracing system or a series of arrangements achieving the same result.

One cannot help but remember with shivers the failure of BCCHK when depositors in some cases stood to lose almost all their life savings. All of us would also have witnessed numerous occasions when workers were deprived of severance or redundancy pay when a company went belly up.

There are already some areas where the Government have secured funding backing to protect those who might suffer through no fault of their own. These include the Protection of Wages on Insolvency Fund financed by a levy on each business registration certificate, the Travel Industry Council Reserve Fund financed by a levy exacted on the industry, the Travel Accident Victims (Assistance) Fund financed by a levy on car owners, drivers and contributions from the Government on behalf of the pedestrians, and the Criminal and Law Enforcement Injuries Compensation Scheme funded completely by the Government. In these cases, it was felt necessary to guarantee compensation in some way.

Once it is accepted that protection is necessary, the protection afforded must be assured particularly where participation in a scheme is compulsory. The consequences of a failed scheme of retirement are disastrous for those whose lives are shattered and are potentially very destabilizing for the community.

It is imperative that the Government protect the legitimate expectations of the beneficiaries of these schemes and act as a guarantor in the case of decentralized administration. It should certainly do so in the case of frauds and losses other than investment losses. Although I appreciate the inherent dangers of underwriting bad investments, the stakes are so high for millions of people that the Government should keep an open mind on the issue. The alternative to government backing is for the Government to be the operator of a Central Provident Fund.

The Consultation Paper on a Community-Wide Retirement Protection System states that the issue of the Central Provident Fund had been debated over a period of 25 years.

The statements made over the years in 1984, 1987 and 1991 by various Secretaries — and these are the Secretary for Education and Manpower, the Financial Secretary and the Secretary for Health and Welfare — have all harped on the same reasons year after year for why they were against a compulsory scheme:

First, that a mandatory saving scheme would have serious effects on our economy.

Second, that a provident fund would only benefit those who have been in regular employment and does not in any case address the problem of security in old age for those who are most in need of protection.

Third, that the Government did not see the wisdom of using compulsion to bring about a transfer of a worker's savings into a provident fund.

Now that the Government espouses a compulsory retirement scheme operated by the private sector, it appears that compulsory saving is no longer objectionable. Also, it now appears, the Government recognizes that retirement schemes are not meant to take the place of public assistance schemes for the needy.

Only one objection remains to the Central Provident Fund — that it would have a major unsettling effect on the financial, monetary and foreign exchange markets.

Other communities have managed to face the same problems. Other governments have managed to handle such problems.

With the greatest respect, considering the undoubted benefits of a Central Provident Fund to Hong Kong, the Government should have found a way to cope with any possible problem in the last 25 years.

Now that we have the recommendations of the Working Group on Retirement Protection, I hope the "Way Forward" will not turn out to be another 25 years of procrastination.

Thank you, Mr Deputy President.

8.00 pm

DEPUTY PRESIDENT: It is now eight o'clock and under Standing Order 8(2) the Council should adjourn.

ATTORNEY GENERAL: Mr Deputy President, with your consent, I move that Standing Order 8(2) should be suspended so as to allow the Council's business this evening to be concluded.

Question proposed, put and agreed to.

MR HOWARD YOUNG (in Cantonese): Mr Deputy President, as a matter of fact, this Council did the debate issue of retirement protection in the last session. I recollect that, on that occasion, I stated two reasons why I did not support a central provident fund in my speech. First, I could not see how the Government could prove itself to have the ability to manage a large sum of money or a huge amount of fund more efficiently than that of private institutions. Second, I also mentioned that many sound private institutions around were indeed well versed in financial management. Why should we turn the job to the civil servants?

However, my position on the issue has changed, in the light of the recent discussions on the matter and in particular after the release of the Government's consultation paper. The talking of "change of position" nowadays may easily be criticized as "tack-changing". I do not share such a view but rather feel that this is a sensible and pragmatic move. Why is such view sensible? It is because today's debate differs from the last debate in three ways. At that time, first, the Government has yet to publish this consultation paper; second, the Maxwell saga has not yet occurred; third, we have yet to know how effectively the Government has managed our foreign exchange fund which involves an enormous amount of money and we are indeed fortunate to have such a good manager. In view of the above-mentioned developments and the fact that throughout the consultation period, the Government has repeatedly indicated that it is not going to serve as the guarantor against any loss that private provident funds may incur due to financial risk or other reasons, thus providing no protection to both the employers and the employees at all. Therefore, I feel that with the new arguments and new situations in mind, we should reconsider the proposal which has been rejected and criticized time and again in the past but is obviously a desirable one in the recent years (especially in this year) in the light of the above reasons. Under these circumstances, I am willing and would admit that I have a different point of view today as compared to that a year ago. In this connection, I will take a pragmatic approach and give Mr HUI Yin-fat's motion my full support.

DEPUTY PRESIDENT: Mr HUI, do you wish to reply? I think you are strictly entitled to speak for the conventional seven minutes because you are dealing with the various amendments. At the end of the voting on the amendments, you then reply generally and then you would be strictly limited to one and a half minutes. At this point you have your full seven minutes under the House rule.

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, having listened to the two colleagues who have proposed amendments, I have a few points to make. Mr TIK Chi-yuen's amendment also mentions the setting up of a central provident fund and the provision of an improved social security scheme for those who are not employed. These two points have also been included in my original motion. The only difference is that Mr TIK's amendment only calls for the setting up of a central provident fund without any consideration given to the retirement protection schemes proposed in the Administration's consultation paper regardless of whether there will be any amendment to these schemes. I cannot help wondering: Since Members of this Council have for years been unanimous in demanding the Administration to set up a central provident fund, if the Administration is now willing to do so, then all will be fine and everyone will be happy. But what if the Administration rejects this demand and is willing to make appropriate amendments to the retirement protection schemes currently proposed, to the effect that a retirement protection system though not perfect but still acceptable will be provided to the public? Should the latter be the case, then I do not think I will have the heart to turn down on behalf of more than

one million people of Hong Kong (especially the working class) a retirement scheme offering more protection and which they have been demanding for years and may now become a reality. I do not think I will have the heart to do so. For the same reason, I also find it impossible to support the amendment by Mr Jimmy McGREGOR.

Mr Deputy President, whatever is the result of today's debate, I will still be very delighted, because there are so many colleagues who care about this issue and are united in pursuing for the people of Hong Kong the early implementation of an acceptable retirement protection system. Whichever way the voting result goes, what is most important is that Members of this Council can work together to keep on urging and monitoring the Administration to the effect that it will propose and implement as soon as possible a sound retirement system for the protection of the people of Hong Kong.

Thank you, Mr Deputy President.

8.07 pm

DEPUTY PRESIDENT: I shall take a short break.

8.28 pm

DEPUTY PRESIDENT: I suppose other Members have listened to the radio. (*Laughter*)

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, this debate follows hot on the heels of the public consultation on the Administration's proposals for a community-wide retirement protection system. I am gratified by the extent of the public response: we have received, by close of play yesterday, 119 direct written submissions, and some more are probably still on the way. I should like to thank all the organizations and individuals who have responded to the consultation paper, as well as the Honourable Members who have spoken in this debate, for their contributions. I wish also to assure them that their views and suggestions will be fully considered.

The Working Group on Retirement Protection will shortly reconvene to study all the comments received and consider what modifications, if any, should be made to its proposals. The Group will work with all due despatch, while taking care not to rush to conclusions on what are clearly matters of great importance and complexity. It will then submit its recommendations to the Governor in Council for decision.

Since no decisions have yet been taken, I believe Members will understand that I am not in a position now to respond definitively, or even comprehensively, to all the points they have made. Nevertheless, and without wishing to pre-empt further consideration in any way, I should like to offer a few comments on some of the key issues

Comprehensive social security

Some Members have criticized the proposals in the consultation paper for failing to protect those who have retired or who are approaching retirement. It is true that some members of our community would get little protection, if at all, from the proposed system. But we have to start somewhere. It is in the nature of retirement protection schemes that benefits are proportionate to the size and duration of contributions. There is, in any case, already an alternative for those nearing retirement, to the extent that they are eligible for Long Service Payments. We envisage the LSP Scheme to continue for some time.

Some Members have called specifically for a comprehensive plan for social protection, or a universal old age pension. The Government's position on this was explained to this Council in some detail by the Secretary for Health and Welfare, in answer to a question from Mr McGREGOR on 2 December last year. Rather than waste the Council's time by repeating the explanation here, I should like to make just two points:

- first, it would not be right to assume that all those who are aged are on the edge of poverty. The facts indicate otherwise. Less than 10% of our total population aged 65 or above are in need of Public Assistance;
- secondly, we do have a social security system, and a non-contributory one at that, providing benefits for the elderly, the disabled and the disadvantaged. That system will remain in place, operating in parallel with any retirement protection system we may decide to introduce.

Financial guarantee

I turn now to the question of a financial guarantee, which has been a focus of discussion since the consultation paper was published. There have been many calls for the Government to act as the final guarantor for benefits accrued under retirement protection schemes, bearing either all the financial risks or, at least, the risks of schemes failing as a result of fraud. On this question I can only repeat what I said on 18 November 1992 when the Council last debated on a motion concerning the proposed retirement protection system. I said on that occasion if I may quote myself: "If the Government were to provide a guarantee for all retirement schemes, the taxpayer would have to accept an immense contingent liability. The commitment would be permanent and ever increasing and it could well be counter-productive if it were to encourage some fund

managers to take greater than normal risks, in the knowledge that they would be bailed out by the taxpayer if their judgement proved to be wrong." This statement continues to reflect the Administration's concern.

We are, of course, not oblivious to the concern expressed by many people that their lifelong savings might be lost, and the retirement protection to which they have been looking might disappear, as a result of a scheme failing. This concern is understandable and legitimate, and we will need to find an appropriate way of addressing it. But even if a government guarantee were practicable, and this must be a matter of very considerable doubt, it would at best be a negative solution, a preparation for failure. It would be far more positive to take steps to ensure that the system will operate properly and successfully. We are proposing to do just that. There is no question of the Government wishing to abrogate its responsibility for monitoring the operation of retirement protection schemes. The recently enacted Occupational Retirement Schemes Ordinance provides a firm basis for an effective monitoring and supervisory system and we have every intention of building on it.

I believe there is some acceptance of the view that a government guarantee for all retirement benefits is simply not possible. Some commentators have proposed that we should adopt a partial guarantee, set up an insurance fund, or revert to the concept of a Central Provident Fund. My initial reaction to the concept of a partial guarantee is to ask how we define partial. It would not be an easy task. As for setting up an insurance fund, I would only observe at this stage that any insurance scheme involves a cost which must, directly or indirectly, eventually fall to be borne by the beneficiary.

Central provident fund

Let me return briefly to the concept of a Central Provident Fund, which has been discussed in this Council on a number of occasions in the past. Members will be aware that the Central Provident Fund concept was not discussed by the Working Group on Retirement Protection. Indeed, it was not even in the Working Group's terms of reference. The reasons for this exclusion lie mainly in the Government's serious reservations about putting a very large amount of funds under centralized control for investment purposes. We continue to see substantial difficulties in a Central Provident Fund but are prepared to look again at the arguments.

Conclusion

In conclusion, I realize that my response today is at best tentative, but I make no apology for this. Today's debate marks the end of one stage in our consideration of a community-wide retirement protection system and the beginning of the next. Much work remains to be done on a whole range of important and complex issues. They require detailed examination and are not for instant reactions or hasty decisions. We shall consider carefully all the

views which have been expressed, both within and outside this Council, and endeavour to come up with the right answers. In the meantime, given that the Government has yet to come to any conclusions, the ex officio Members will abstain from voting on the motion and the amendments to it.

Thank you, Mr Deputy President.

Question on Mr Jimmy McGREGOR's amendment to Mr TIK Chi-yuen's amendment put.

Voice vote taken.

THE DEPUTY PRESIDENT said he thought the "Noes" had it.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, I claim a division.

DEPUTY PRESIDENT: You are claiming a division, Mr FUNG? Council will proceed to a division. The division bell will ring for three minutes.

DEPUTY PRESIDENT: Would Members now please proceed to vote?

DEPUTY PRESIDENT: Are there any queries? If not, the results will be displayed.

Mr TAM Yiu-chung, Mr Jimmy McGREGOR, Mr Marvin CHEUNG, Mr Frederick FUNG, Miss Christine LOH and Mr Roger LUK voted for the amendment.

Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Mr Martin LEE, Mr NGAI Shiu-kit, Mr PANG Chun-hoi, Mr SZETO Wah, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Peter WONG, Mr Albert CHAN, Mr Moses CHENG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Timothy HA, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Gilbert LEUNG, Mr Fred LI, Mr MAN Sai-cheong, Mr Steven POON, Mr TIK Chi-yuen, Mr James TO, Dr Samuel WONG, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin and Dr TANG Siu-tong voted against the amendment.

The Attorney General, The Financial Secretary, Mrs Elsie TU, Mr Eric LI and Miss Anna WU abstained.

THE DEPUTY PRESIDENT announced that there were six votes for the amendment and 37 votes against it. He therefore declared that Mr Jimmy McGREGOR's amendment to Mr TIK Chi-yuen's amendment was negatived.

DEPUTY PRESIDENT: Now that Mr Jimmy McGREGOR's amendment has been negatived, we will take a vote on Mr TIK Chi-yuen's amendment to Mr HUI Yin-fat's motion.

Question on Mr TIK Chi-yuen's amendment to Mr HUI Yin-fat's motion put.

Voice vote taken.

DEPUTY PRESIDENT: Council will proceed to a division.

DEPUTY PRESIDENT: Would Members now please proceed to vote?

DEPUTY PRESIDENT: Do Members have any queries? If not, the results will be displayed.

Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Dr LEONG Che-hung, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LAU Chin-shek, Miss Emily LAU, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr Samuel WONG, Dr YEUNG Sum, Mr WONG Wai-yin and Dr TANG Siu-tong voted for the amendment.

Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Mr NGAI Shiu-kit, Mr PANG Chun-hoi, Mr LAU Wong-fat, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Peter WONG, Mr Moses CHENG, Dr LAM Kui-chun, Mr Gilbert LEUNG, Mr Eric LI, Mr Steven POON and Mr Howard YOUNG voted against the amendment.

The Attorney General, The Financial Secretary, Mr Jimmy McGREGOR, Mrs Elsie TU, Mr Marvin CHEUNG, Mr Timothy HA, Miss Christine LOH, Mr Roger LUK and Miss Anna WU abstained.

THE DEPUTY PRESIDENT announced that there were 22 votes for the amendment and 17 votes against it. He therefore declared that Mr TIK Chi-yuen's amendment to Mr HUI Yin-fat's motion was approved.

DEPUTY PRESIDENT: Mr HUI, do you wish to reply? You have one and a half minutes.

MR HUI YIN-FAT (in Cantonese): Mr Deputy President and honourable colleagues, when I moved the motion at the very beginning I mentioned that any reasonable amendment should be taken into consideration. I also mentioned that it is of utmost importance that we must make a concerted effort to strive for a reasonable retirement protection scheme for the benefit of Hong Kong people.

Now that we have passed a resolution on how we should act, I think we should now join in a concerted effort to complete this endeavour. Therefore, in order to match my words with my deeds, I support this amended motion. At the same time, I am also calling upon my colleagues who supported my motion to support this amended motion, for we do not wish to give the Government a wrong impression that this Council is torn and divided so much so that the Government would become unwilling to implement any retirement protection scheme. I hope all colleagues can continue to support this and to press the Government into providing, as soon as possible, an effective retirement protection system for the people of Hong Kong.

Thank you, Mr Deputy President.

Question on Mr HUI Yin-fat's motion as amended by Mr TIK Chi-yuen's amendment put and agreed to.

INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR LEE WING-TAT moved the following motion:

"That in relation to the Road Tunnels (Government) (Amendment) Regulation 1993 published as Legal Notice No. 2 of 1993 and laid on the table of the Legislative Council on 12 January 1993, the period referred to in section 34(2) of the Interpretation and General Clauses Ordinance for amending subsidiary legislation be extended under section 34(4) of that Ordinance until 24 February 1993."

MR LEE WING-TAT (in Cantonese): Mr Deputy President, I propose to extend the period for examining the Road Tunnels (Government) (Amendment) Regulation 1993 on the following grounds:

First, the drastic increases in the tunnel toll currently proposed by the Government, which range from 20% to 33%, will place a burden on the public.

Second, as explained by the Government, such increases are not only meant to recover cost but also to make considerable profit. And the profit level set by the Government is 15% of the fixed assets of the tunnels concerned. Yet, neither the views of the Legislative Council nor that of the public have been sought prior to the formulation of such a new policy.

Third, a special Legislative Council meeting held on 22 January has shortened the time available for examining the Regulation. For these reasons, I hope my colleagues will support the proposed extension of the period for examining the subsidiary legislation.

Thank you, Mr Deputy President.

Question on the motion proposed, put and agreed to.

Adjournment and next sitting

DEPUTY PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 10 February 1993.

Adjourned accordingly at ten minutes to Nine o'clock.

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Protection of Wages on Insolvency (Amendment) Bill 1993, Ozone Layer Protection (Amendment) Bill 1993 and Interpretation and General Clauses Ordinance, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.

WRITTEN ANSWERS**Annex I****Written answer by the Secretary for Education and Manpower to Dr LAM Kui-chun's supplementary question to Question 1**

I can now confirm that the costs of the small group education being provided for the HIV infected student are being met by the Government.

Annex II**Written answer by the Financial Secretary to Mr Steven POON's supplementary question to Question 3**

The Governor's appointment letter was signed by an officer of the Personnel Department of the Foreign and Commonwealth Office, acting on the direction of the Secretary of State for Foreign and Commonwealth Affairs. The letter confirmed that "Her Majesty the Queen has been pleased to approve your appointment as Governor and Commander-in-Chief of Hong Kong".

Annex III**Written answer by the Financial Secretary to Mr Frederick FUNG's supplementary question to Question 3**

As I said during the Legislative Council discussion, the relevant provisions of the Inland Revenue Ordinance were, prior to 1947, enshrined in the War Revenue Ordinance, enacted in 1940. Before that date, salaries tax was not levied in Hong Kong and so the question of exemption did not arise.

Annex IV**Written answer by the Secretary for Constitutional Affairs to Mr Marvin CHEUNG's supplementary question to Question 4**

The Secretary for Home Affairs is empowered under section 4(17) of the Summary Offences Ordinance, Cap. 228, to issue permits to any person who organizes, provides equipment for, or participates in any collection of money or sale or exchange for donations of badges, tokens or similar articles in a public place for non-charitable purposes. The permits may include any reasonable conditions as the Secretary for Home Affairs may think fit.

WRITTEN ANSWERS — *continued*

It is the policy of the Secretary for Home Affairs in granting permits under section 4(17) of Cap. 228 to impose a general condition as follows:

"Within one hundred and eighty days of the last date specified in the permit, the permittee shall cause to be prepared a statement, certified by an accountant or firm whose name appears in the List of Professional Accountants or in the list of firms of Certified Public Accountants and Public Accountants, published in the Gazette by the Registrar of the Hong Kong Society of Accountants under section 32(1) of the Professional Accountants Ordinance, Cap. 50, of all monies received from the public and every disbursement made from the money so collected or received. A certified copy of the audited accounts shall be forwarded to the Secretary for Home Affairs within one hundred and eighty days of the last day specified in the permit. This copy of the audited accounts shall be open to inspection by the public."