

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 8 March 1995

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

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

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

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

THE ATTORNEY GENERAL

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

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

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

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

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

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

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

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

THE HONOURABLE MOSES CHENG MO-CHI

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

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

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

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

DR THE HONOURABLE LAM KUI-CHUN

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

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

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

THE HONOURABLE ALFRED TSO SHIU-WAI

THE HONOURABLE LEE CHEUK-YAN

ABSENT

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

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

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

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

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

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

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

IN ATTENDANCE

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

MR MICHAEL SUEN MING-YEUNG, C.B.E., J.P.
SECRETARY FOR HOME AFFAIRS

MR CHAU TAK-HAY, C.B.E., J.P.
SECRETARY FOR TRADE AND INDUSTRY

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

MR DONALD TSANG YAM-KUEN, O.B.E., J.P.
SECRETARY FOR THE TREASURY

MR MICHAEL DAVID CARTLAND, J.P.
SECRETARY FOR FINANCIAL SERVICES

MR DOMINIC WONG SHING-WAH, O.B.E., J.P.
SECRETARY FOR HOUSING

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

MRS ELIZABETH MARGARET BOSHER, J.P.
SECRETARY FOR ECONOMIC SERVICES

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

MR KENNETH JOSEPH WOODHOUSE, J.P.
SECRETARY FOR SECURITY

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RICKY FUNG CHOI-CHEUNG

THE DEPUTY SECRETARY GENERAL
MR LAW KAM-SANG

PAPERS

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Public Revenue Protection (Dutiable Commodities) Order 1995.....	73/95
Public Revenue Protection (Estate Duty) Order 1995	74/95
Radiographers (Registration and Disciplinary Procedure) Regulation	75/95
Census and Statistics (Annual Survey of Industrial Production) (Amendment) Order 1995	76/95
Census and Statistics (Annual Survey of Building, Construction and Real Estate Sectors) (Amendment) Order 1995	77/95
Census and Statistics (Annual Survey of Wholesale and Retail Trades, Restaurants, and Hotels) (Amendment) Order 1995	78/95
Census and Statistics (Annual Survey of Transport and Related Services) (Amendment) Order 1995.....	79/95
Census and Statistics (Annual Survey of Storage, Communication, Financing, Insurance and Business Services) (Amendment) Order 1995.....	80/95
Public Swimming Pools (Regional Council) (Amendment) Bylaw 1995.....	81/95
Official Languages (Authentic Chinese Text) (Reformatory Schools Ordinance) Order	(C)17/95

Sessional Papers 1994-95

- No. 71 — Hong Kong Council for Academic Accreditation Annual Report 1993-94
- No. 72 — Regional Council Revised Estimates of Expenditure 1994-95
- No. 73 — Revised List of Works Annexed to the Regional Council's Revised Estimates of Revenue and Expenditure for 1994-95

ADDRESS**Hong Kong Council for Academic Accreditation Annual Report 1993-94**

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, I have pleasure in presenting the Hong Kong Council for Academic Accreditation's (HKCAA) Fourth Annual Report 1993-94 and highlighting some of the main features during the year under review.

The HKCAA's role and responsibilities are to validate degree programmes and review the general academic standards of Hong Kong's four non-university tertiary institutions. It disseminates information on the development of higher education, quality assurance and academic standards, develops links with accreditation bodies throughout the world, and advises the Government, other organizations and individuals on the comparability of academic standards and the accredited status of academic qualifications.

During 1993-94, the HKCAA completed 19 review exercises comprising validations, revalidations, consultancy studies and the monitoring of conditions and requirements placed on degree programmes.

The Council continued to work closely with the Academy for Performing Arts, the Open Learning Institute of Hong Kong, Lingnan College and the newest Hong Kong tertiary institution, the Hong Kong Institute of Education, for which it conducted institutional and programme reviews and provided guidance on quality assurance.

In response to increased concerns over academic accreditation and recognition, the HKCAA has expanded its advisory role and during the year provided information and advice on higher education, quality assurance and standards to the Government, other organizations and members of the public. Notably, its role in providing information and guidance with regard to overseas education initiatives in Hong Kong expanded significantly.

In order to establish the comparability of qualifications and to share experience of quality assurance methods gained worldwide, the HKCAA continued its overseas liaison activities. During the year, the Council continued to strengthen its links with higher education organizations and individuals outside Hong Kong, including the People's Republic of China and Taiwan. The HKCAA continued to administer the International Network for Quality Assurance Agencies in Higher Education, whose membership numbered 70 organizations from 36 different countries.

Following the recommendations of the Education Commission's Report No. 5 regarding the development of an Institute of Education and the upgrading of teachers' qualifications, the HKCAA provided advice to the Government on qualifications and training for the teaching profession. In particular, it carried out consultancy studies covering the four teacher education colleges and the Institute of Language in Education and participated in the work of the Advisory Committee on Teacher Education and Qualifications and its subcommittees.

Developments in some of Hong Kong's professional bodies resulted in the HKCAA being asked to advise on accreditation methods. It worked with the Hong Kong Institution of Engineers and the Hong Kong Society of Accountants to provide information and advice about qualifications and the way in which they could be evaluated.

Finally, I would like to take this opportunity to thank the Chairman and members of the HKCAA for their outstanding services made during the year and their continued contribution to the development of tertiary education in Hong Kong.

ORAL ANSWERS TO QUESTIONS

CAT Scanning Service

1. MR FREDERICK FUNG asked (in Cantonese): *With regard to the provision of CAT scanning service, will the Government inform this Council:*

- (a) *of the total number of CAT scanners in the hospitals managed by the Hospital Authority;*
- (b) *of the respective figures for 1993/94 and 1994/95 regarding the average daily operating hours of the CAT scanners, the average daily number of patients receiving CAT scanning examination, and the average period of waiting for an appointment to use such service; and*
- (c) *whether the Hospital Authority has referred its patients to private hospitals to receive CAT scanning examination; if so, what are the numbers of such cases in 1993/94 and 1994/95 respectively?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, there are 10 CAT scanners currently installed in public hospitals managed by the Hospital Authority, capable of handling about 230 patients on a daily basis. Six of these scanners have been operating on a 24-hour basis since 1993, except for one each in Queen Mary Hospital, Caritas Medical Centre, Kwong Wah Hospital and Ruttonjee Hospital where radiologist and other supporting staff are put on call outside normal operating hours to provide service for patients.

Under the established clinical practice, all urgent patients will be examined by CAT scanners on the same day. Non-urgent patients are prioritized according to their need and the waiting time for 80% of such cases is within four weeks. This will be reduced further with the planned addition of two new scanners within the next financial year.

With the implementation of hospital clustering and service networking, there is no operational need to refer patients for CAT scanning outside the public hospital system. Some patients with non-urgent conditions may prefer to obtain earlier examination in the private sector, but no statistics are kept on the number of such cases.

PRESIDENT: As Members were reminded by circular on 3 March, supplementary questions should be confined to single questions. This circular was issued after consultation with the Procedures Subcommittee.

MR FREDERICK FUNG (in Cantonese): *Mr President, on the basis of paragraphs two and three of the main reply given by the Secretary, I would like to put forward a follow-up question. This question is not brought up by myself but is related to a case made known to me. A patient who needed CAT scanning was asked by the Hospital Authority to wait for two months. As he could not afford to wait, the staff of the Hospital Authority suggested at the time that if he could not wait for two months he could go to a private hospital for the scanning service. So he went to a private hospital. When I ask this question today, this patient had already died of cancer six months after the incident took place. The Secretary mentioned in paragraph two that 80% of the patients could receive such treatment within four weeks. In other words, 20% of the patients can only receive such service after waiting for more than four weeks. In paragraph three of the reply, the Secretary mentioned that some patients preferred to go to private hospitals, but she did not say that it was probably the Hospital Authority staff who had suggested to the patients that they should seek treatment in the private sector. When the Government is unable to provide adequate public service to meet demands, it will resort to paying for the provision of such service from the private sector. For example, places are bought from private schools when there is a shortage of school places; and the same thing happens with places in elderly homes. Under these circumstances, will the Government consider buying such service from private hospitals?*

SECRETARY FOR HEALTH AND WELFARE: Our present provision of medical equipment, including CAT scanners in public hospitals, is adequate to cope with all urgent cases within the required standard of service. As I said in the main reply, no urgent cases will have to wait but patients with non-urgent conditions might prefer to opt for earlier treatment in the private sector. It is not the practice at the moment for the public sector to secure funds to finance patients going into the private sector for treatment.

PRESIDENT: Yes, not answered, Mr FUNG?

MR FREDERICK FUNG (in Cantonese): *The Secretary has not answered my question. She said no funds had been secured for this purpose, but will she consider this?*

SECRETARY FOR HEALTH AND WELFARE: If there is a justifiable case in the future, I would not rule out the Government considering this.

REV FUNG CHI-WOOD (in Cantonese): *Mr President, it is unacceptable that 20% of the patients have to wait for more than four weeks before they can receive CAT scanning as this will have serious consequences on the treatment and diagnosis results. The Secretary mentioned in her main reply that after the Hospital Authority had taken over this service, there was no operational need to refer patients for CAT scanning outside the public hospital system. Does this mean that some patients were referred to private hospitals in the past but no referrals have been made ever since the Hospital Authority has taken over? Does this indicate that there is a reduction in the provision of CAT scanning service?*

SECRETARY FOR HEALTH AND WELFARE: As I mentioned in the main reply, we have adequate CAT scanners in our public hospital system to cater for all urgent cases. It is only in non-urgent cases where patients have to wait. On average, up to 80% of our cases are provided with CAT scanner service within four weeks. The average waiting time for examination by CAT scanners for 80% of all non-urgent cases is kept within four weeks. The average waiting time ranges, for non-urgent cases that is, from within one week for the Caritas Medical Centre and Ruttonjee Hospital, to between one and three weeks for Queen Mary Hospital, Princess Margaret Hospital, Pamela Youde Nethersole and Eastern Hospitals and Kwong Wah Hospital, to between three and four weeks for Queen Elizabeth Hospital, to between one and eight weeks for the Prince of Wales Hospital and finally to between one and 10 weeks for the Tuen Mun Hospital.

PRESIDENT: Rev FUNG, not answered?

REV FUNG CHI-WOOD (in Cantonese): *I do not think the Secretary has answered my question. My question is, in the past, some patients were referred to private hospitals for CAT scanning, but this no longer happens. Does this indicate that the Government has reduced the provision of such service?*

SECRETARY FOR HEALTH AND WELFARE: There are adequate CAT scanners in the public hospital system. Therefore it is not necessary for patients to be referred for treatment in the private hospital sector. We have, altogether, 10 CAT scanners and six of these operate on a 24-hour basis, whereas the rest operate on an eight-hour basis but can be put on call outside operating hours. There is no reduction in the level of service or provision.

DR CONRAD LAM (in Cantonese): *Mr President, as some smaller hospitals have not been installed with CAT scanners, patients have to go to major hospitals for CAT scanning whenever necessary. The current practice of the Hospital Authority is that the smaller hospitals have only one or two quotas a week for their patients to receive CAT scanning in major hospitals. Does the Government have any mechanism or guidelines in this respect so that arrangements can be made for patients to receive CAT scanning service according to the gravity of their case instead of the size of hospitals? Can a fair system be set up to enable patients to receive services they need when they seek treatment in public hospitals? If not, will the Administration consider issuing such guidelines?*

SECRETARY FOR HEALTH AND WELFARE: The Honourable Member refers to two circumstances, one of which being where patients are referred among the public hospitals under the Hospital Authority. No doubt this is an operational matter between the public hospitals, and with the networking between the various public hospitals in the Hospital Authority, this will be an operational matter between the hospitals and I shall certainly ask the Hospital Authority to improve their operational arrangements.

As for patients requiring urgent use of CAT scanning service, this is already the existing practice that urgent cases are dealt with within 24 hours.

Mortgage Loans against Older Residential Property

2. MR JIMMY MCGREGOR asked: *In view of the fact that most if not all banks in Hong Kong severely restrict their mortgage lending against older residential property, will the Government inform this Council of its policy in relation to such lending?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, the Government does not have any policy specific to bank mortgage lending on older residential properties. In particular, the Hong Kong Monetary Authority has not issued any instructions to banks to be more cautious on lending on such properties. Banks are expected to observe the 70% mortgage ceiling guideline which applies to banks' residential mortgage lending in general. No distinction is made between old and new properties.

The Government is aware that banks in general tend to take a more cautious approach towards older properties. These are commercial decisions having regard to factors like the perceived poorer marketability, higher cost of maintenance and deteriorating quality of these properties relative to newer ones. It would be inappropriate for the Government to attempt to influence banks to assume risks higher than they themselves might otherwise wish to take.

Having said that, we understand that there is substantial variance amongst banks in their policies towards older properties. Age of property is not the only factor in determining the terms of a mortgage. Other important considerations include the repayment ability of the borrower, value and condition of the property, the borrower's relationship with the bank concerned, his credit history, the banks' overall exposure to the property sector, perceived market risk, and so on. The policy therefore varies from bank to bank. Within each bank, the terms of lending also vary from case to case even for properties of similar age. We are aware that some authorized institutions have even developed a "niche" in the older property market. A number of institutions seem to be prepared recently to relax their policy on older properties, that is, in respect of loan to value ratios. This indicates that individual banks will adjust their mortgage policies from time to time in different circumstances.

MR JIMMY MCGREGOR: *Mr President, will the Government consider the establishment of a task force to investigate the factors inhibiting bank lending on older properties and to make recommendations to remove such inhibiting factors, given the value of the Government's recent and effective intervention in the property market?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, the Administration's overriding concern in the area of mortgage lending is with the prudential supervision of the banks, rather than with the state of the property market or with addressing social issues relating to housing. Therefore that will remain our concern and our future direction will be guided by that. That does not exclude, of course, that solutions might not be found to problems such as those referred to by Mr MCGREGOR. But they will have to be found in other directions than in obliging the banks to take on risks that they might not otherwise wish to undertake.

DR DAVID LI: *Mr President, will the Government inform this Council under what condition the restrictive measures imposed on the property market in June 1994 are likely to be relaxed?*

PRESIDENT: How does that arise from the main question and answer, Dr LI? You will have to explain to me how that supplementary arises from the main question and answer because a supplementary is intended to elucidate the main answer.

DR DAVID LI: *Yes, Mr President, the reason is because the Government did impose some restrictions on the banks in June 1994, and that was the reason why banks are being extra careful in their lending on new or old properties. I was wondering when the Government is likely to revise those conditions.*

PRESIDENT: I do not think that directly arises, or indirectly arises, from the main answer, Dr LI.

DR DAVID LI: *I see.*

PRESIDENT: I am sorry, I have to disallow your question.

MR RONALD ARCULLI: *In the second and third paragraphs of his reply, the Secretary appeared to suggest that it is not government policy to intervene, at least in some aspects of the residential mortgage lending market, which seems to be contrary to the guideline referred to by him in the first paragraph. Will the Secretary inform this Council whether or not it is government policy to intervene in this market?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, the situation is that the Monetary Authority does watch the activities of the banks with regard to mortgage lending and seeks compliance with the 70% mortgage valuation guideline. It has one other benchmark level which is the overall exposure of banks to property in general and that level, at 40%, is a benchmark level beyond which banks will be approached by the Regulator and modifications will be sought to their lending practices to get them back below the 40% level. Those are the only forms of regulation or intervention that are actually going on in relation to mortgage lending practices.

PRESIDENT: Mr ARCULLI, not answered?

MR RONALD ARCULLI: *I have a different question to ask, Mr President, so if anybody else has a question to ask then perhaps they should go first.*

PRESIDENT: Yes, that would be a second supplementary.

DR LEONG CHE-HUNG: *Will the Administration inform this Council whether there is any evidence of a link between urban decay and the unavailability of finance for the purchase of older residential properties?*

SECRETARY FOR FINANCIAL SERVICES: That is not something which the banking regulators are looking for and it is not something which has come to their attention, Mr President.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, the Secretary's reply has pointed out that the Government had no specific guidelines concerning old residential properties. However, some property owners in Central have recently put their properties on 100% mortgage. Will this affect the banking sector's mortgage policy on older residential properties? How would the Government react to such a move by the property owners?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, in fact the 70% mortgage guideline is generally observed but it may well be that Mr CHIM is referring to co-financing schemes in which additional funding, to bridge the gap between the 70%, or to go above the 70%, from other sources has been sought. The fact that all or part of a mortgage might come from outside the banking sector is not in itself objectionable from a prudential point of view provided that it does not indirectly cause banks to assume undue risk.

PRESIDENT: Yes, Mr CHIM, not answered?

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, the main point is that there are actually developers who publicize on newspapers that they provide 100% mortgage, a message which may lead to public misunderstanding. I would like to know whether this will affect the Government's policy of 70% mortgage ceiling guideline applied to banks; and whether this policy will be changed?*

PRESIDENT: Well that is a second supplementary and it is really asking for an opinion, Mr CHIM.

MR JIMMY MCGREGOR: *Mr President, in view of the fact that many areas of older residential property are in a poor state of repair and generally decayed, will the Government inform this Council of the policies to rejuvenate decayed urban areas, many of which suffer from lower willingness by the banks to provide mortgages?*

PRESIDENT: It is a pretty borderline supplementary, Mr MCGREGOR. *(Laughter)*

MR JIMMY MCGREGOR: *It is quite close, Mr President. (Laughter)*

PRESIDENT: I think that one just squeezes through, Secretary.

SECRETARY FOR FINANCIAL SERVICES: Mr President, as I indicated earlier, it is not the intention to use mortgage lending or pressuring banks on mortgage lending to solve other problems. Other solutions to those problems will have to be sought in other directions and I am not in a position to comment on the position from the housing point of view or the decaying urban areas point of view. But certainly, if there are solutions in other areas then that would have to be dealt with separately. For the time being, we intend to protect the position of the banks and to ensure that they do not over-expose themselves or put too many of their eggs in one basket, but rather have a prudential diversification in their loan books.

MR RONALD ARCULLI: *Mr President, the Secretary referred to a 40% rule. Could he perhaps elaborate on what it is and what its impact might be on foreign banks as opposed to local banks because I have certainly heard complaints by foreign banks that they are being prejudiced in their operations?*

SECRETARY FOR FINANCIAL SERVICES: Mr President, the 40% guideline on the banks' property-related lending is intended to ensure that banks exercise prudence in such lending. As I indicated earlier, it is a benchmark level. If banks exceed that level in their exposure to the property sector in their lending, then the Regulator will be in touch with them to seek modifications to get back below the 40% limit. It is not a rigid limit, but it represents a level of exposure at which banks in general need to be cautious. The general principle is that the banks do not expose themselves excessively to any particular sector or any particular line of business.

PRESIDENT: Mr ARCULLI, not answered?

MR RONALD ARCULLI: *Not answered to the second part regarding its effect, if any, on foreign banks, Mr President?*

PRESIDENT: I think that does take the supplementary beyond the scope of the answer and the supplementary answer. Next question.

Review of Urban Renewal Policy

3. MR ALBERT CHAN asked (in Cantonese): *Two motions were passed by this Council in the 1991-92 and 1993-94 sessions, urging the Administration to review its urban renewal policy with a view to improving the compensation and rehousing arrangements for the affected property owners and tenants of redevelopment projects as well as improving the social effectiveness of such schemes. Despite its undertaking to carry out a review of the policy, the Government has so far not reported the outcome of such review to this Council. In this regard, will the Government inform this Council:*

- (a) *what progress has been made so far in its review of the urban renewal policy; whether the Government has drawn up any concrete proposals for deliberation by this Council; and*
- (b) *whether it will consider injecting more funds to help rehouse residents affected by redevelopment or adopting other measures so as to enhance the Land Development Corporation's capability of undertaking urban redevelopment projects, in order to speed up the urban renewal process?*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, we will shortly be consulting Members of this Council, through the Lands and Works Panel, on a package of measures aimed at facilitating urban renewal and redevelopment.

I do not want to pre-empt the final decision on the actual package and the consultation by giving details today, but I can say that the package will be a comprehensive one. The main features are an expanded role for the Land Development Corporation as a primary agent of urban renewal and facilitator of private sector projects, more emphasis on the relocation of both residents and businesses affected by redevelopment projects and some changes to the system of ex gratia allowances for such persons. There are also some new initiatives in the areas of owner participation and in making projects viable, which in normal circumstances would not be so.

MR ALBERT CHAN (in Cantonese): *Mr President, I would like to thank the Deputy Secretary for Planning, Environment and Lands for his reply. The reply he just gave is probably the only one delivered in this session of the Council which is even shorter than the question. It is indeed very disappointing that we are only given such a reply after waiting for more than three years. Given the fact that the review of the urban renewal policy has been delayed for several years and as the Deputy Secretary has said just now that the panel concerned would be consulted shortly, may I ask exactly at what time will this be done and whether he can give us a specific date. Owing to the delay on the part of the Government, many redevelopment projects, including those endorsed by the Town Planning Board such as the redevelopment project at "Tsuen Wan Seven Streets", have been delayed for several years. Does the Government have any measures to ensure that the living environment of residents affected by the redevelopment projects will not continue to decline as a result of the delay in these projects?*

PRESIDENT: There are two questions there, Mr CHAN. Answer the first question first, Deputy Secretary.

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Mr President, on the question of redeveloping old districts in Hong Kong, as the areas covered by old districts are extensive, the problems involved are complicated, and the responsible organizations involved in such redevelopment are many, including bodies like the Land Development Policy Committee and the Housing Society, so when discussing these complicated problems, issues like land planning and housing policies have to be considered. Therefore, I admit that the time spent on this review is longer than expected. But, we will provide Members with the result of the review for their discussion as soon as possible.

PRESIDENT: We will come to your second supplementary if there is time, Mr CHAN.

MR TAM YIU-CHUNG (in Cantonese): *Mr President, may I ask if we understand rightly by saying that the Land Development Corporation has autonomy over the urban renewal projects, so it is not obliged to wait for the implementation of new measures subsequent to the Government's review?*

PRESIDENT: I am sorry, is that the question, Mr TAM?

MR TAM YIU-CHUNG: Yes.

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Mr President, if I understand the question correctly, the answer is positive. The Land Development Corporation certainly has autonomy in undertaking redevelopment projects. In this connection, the review that we are currently conducting has not delayed the progress of the redevelopment projects being undertaken or planned to be undertaken by the Land Development Corporation. We hope that the new proposals will help the Land Development Corporation to carry out their urban renewal projects in a faster and better way.

MR JAMES TO (in Cantonese): *Mr President, this matter was debated during the 1991-92 session of the Legislative Council. It is the 1994-95 session now and the Deputy Secretary has attributed the delay to the complexity of the matter. But I believe that no matter how complicated a policy is, after four or five years' time and having been reproved in the last session, any government which is determined to straighten things out should have been able to settle the matter by now. The progress of the Government's review gives us the impression that it is neither sincere nor conscientious in the matter. The Deputy Secretary said just now that the Legislative Council would be consulted shortly. I would like to follow up Mr Albert CHAN's question. That is, when will the consultation take place? On completion of the consultation process, how will the Government implement the project regarding such matters as relevant legislations, policy or resources? Does the Government have a timetable or is it simply sitting idly without any plans in mind?*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Mr President, I have, in fact, responded to the question of time just now when I replied to Mr Albert CHAN's question. We also like to see the early completion of this review but as it really involves matters which are very complicated, a certain period of time is therefore required before it can be

completed. We will complete this review as soon as possible, but I cannot specify the exact time now. We will submit the relevant proposals to this Council as soon as possible for Members' discussion. I believe we can set a timetable for the necessary work after the consultation process.

MR RONALD ARCULLI: *Mr President, from the written answer given by the Deputy Secretary, and indeed his answers to some oral supplementaries, it seems that the package is ready for consultation with the relevant Legislative Council panel today. If the package is not ready, will the Deputy Secretary tell us it is not ready? But if it is ready, could he please explain why he did not take the initiative of contacting the panel and fixing a date for that particular consultation process?*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the proposals I have outlined in my main answer are broad outline proposals. Under each of the proposals, there will be many details and mechanisms to be worked out in detail. It is this detail that we are finalizing and also discussing with the various organizations concerned.

PRESIDENT: Not answered, Mr ARCULLI?

MR RONALD ARCULLI: *No, Mr President, I would read from the written reply where the Deputy Secretary says, "I do not want to pre-empt that consultation by giving details today." That implies that details are available. But can he confirm that that is incorrect and that details are in fact not yet available?*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, my actual answer was that I do not want to pre-empt the final decision on the actual package and the consultation by giving details today. The details, I can confirm, are not yet finalized.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, the Deputy Secretary made a reference in his reply to the expanded role of the Land Development Corporation as a primary agent of urban renewal. We know that the Land Development Corporation has often mentioned in the press that the Crown Lands Resumption Ordinance (Cap. 124) would be invoked in the acquisition of private properties in many redevelopment projects, but actually this has not been done. Many property owners only agreed to surrender their properties on account of the Land Development Corporation invoking the Ordinance. So, will this situation cause such property owners to suffer losses and subject them to unfair treatment? Mr President, my question is that the Land*

Development Corporation has said that it would invoke the Ordinance in the resumption of land but actually it has not done so. As a matter of fact, this Ordinance has not been invoked since its previous invocation by the Governor in Council in 1992. Has the Land Development Corporation misled property owners?

PRESIDENT: Your supplementary should seek to elucidate the answer. I do not see that question goes to the answer, Mr CHIM. It is quite a different topic you are raising.

MR CHIM PUI-CHUNG (in Cantonese): *Mr President, the main question is that the Deputy Secretary mentioned in his reply that the Land Development Corporation would be given more power. But would property owners be misled by the actions of the Corporation? If the Land Development Corporation is not conferred with so much power, I would not have pressed for an answer to this question.*

PRESIDENT: I am sorry, that is out of order.

MR JIMMY MCGREGOR: *Mr President, can the Deputy Secretary say whether the review is principally concerned with policy, procedure and systems? But does it include target areas for redevelopment? Will we be advised of the areas which the Government has in mind for redevelopment?*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the review will concern, as the Honourable Member said, with procedures and policies. It will not involve such detail as the actual areas or sites that will need to be redeveloped. We will leave the responsible organizations, for example, the Land Development Corporation, to determine on the basis of feasibility of each site.

MR ALBERT CHAN (in Cantonese): *Mr President, as it will take some time to go through the consultation process and subsequently to frame new policies, many projects, including redevelopment projects under the charge of the Housing Society, are in the meantime being indefinitely delayed as a result of the Government's review, despite the fact that the projects have already been endorsed by the Town Planning Board. Some of the projects have even been delayed for more than two years. May I ask what new measures will the Government take in this regard to ensure that these projects will not be delayed any longer, and that the living environment of residents in the affected districts will not thus get worse with time? The "Tsuen Wan Seven Streets" case is a very good example.*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Mr President, just now when I replied to the question raised by another Member, I have mentioned that the projects undertaken by the Land Development Corporation or the Housing Society were being carried out at full speed and should not be affected by this review. Of course, not every project can progress smoothly. Some will be smoother than others. But the Government has tried its best to assist the relevant institutions, such as the Housing Society, in their work.

PRESIDENT: Not answered, Mr CHAN?

MR ALBERT CHAN (in Cantonese): *Mr President, the Deputy Secretary has not answered my question. He said the projects should not be affected by the present review, but the Housing Society has stated clearly in its reply to our enquiry that the progress of current redevelopment projects was affected by the Government's review, which had caused temporary delay to the projects so that no redevelopment work had actually been carried out. Therefore, the situation in which projects being delayed, as the Deputy Secretary just denied, has actually arisen. My question is whether the Government will take any measures at this stage to ensure that redevelopment projects which have already been endorsed by the Town Planning Board will not be further delayed due to this review?*

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS (in Cantonese): Mr President, as far as I know, the Housing Society is proceeding with the redevelopment work at "Tsuen Wan Seven Streets". Of course, the project will take time because problems such as the acquisition of properties and the settlement of residents have to be dealt with. These problems have also caused financial difficulties for the Society in its execution of the project. This is what I know of the situation. At present, the Housing Society is endeavouring to proceed with the project as soon as possible. Therefore, this project has nothing to do with our present review. As what I have said earlier on, the success of this review will help to speed up the progress of redevelopment projects and extend their scale. Those projects under way, including the one for "Tsuen Wan Seven Streets", should not be affected.

Franchised Business Operations Promoted by Hong Kong Productivity Council

4. MR HUANG CHEN-YA asked (in Cantonese): *In 1992, a team of staff in the Business Management Service Unit of the Hong Kong Productivity Council (HKPC) were assigned special responsibilities for promoting franchised business operations. A laundry operated under such mode of operation, which was one of the companies widely promoted by the HKPC, had been involved in*

commercial disputes. In this connection, will the Government inform this Council whether:

- (a) the HKPC has conducted a review of the promotion of the laundry concerned; and*
- (b) the termination of the consultancy service by the HKPC to promote franchised business operations was a result of the involvement of the above-mentioned laundry in commercial disputes; if not, what were the reasons for the termination of the service?*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Mr President, in 1992 and 1993, the Hong Kong Productivity Council organised a programme of events to familiarise the business community with the general concept of franchising, including two study missions to the International Franchise Expo in the United States, and two exhibitions. The Council did not specifically promote any particular company or operation, although examples were used to illustrate the concept. It follows, therefore, that the Council has not conducted the sort of review referred to in part (a) of the Honourable Member's question.

The Hong Kong Franchising Association, which was formed by the Hong Kong General Chamber of Commerce in 1992, played an increasingly active role in promoting the franchising concept, and organised a third exhibition in 1993. The Productivity Council concluded that the Association was better placed to continue promotional work in connection with the franchising concept, and the Council therefore decided to cease its active involvement in 1993. This decision was not taken for the reason set out in part (b) of the Honourable Member's question.

DR HUANG CHEN-YA (in Cantonese): *Mr President, the Hong Kong Productivity Council (HKPC) denied that investors suffered losses because it had used the company in question as an example and made an inappropriate recommendation. It also claimed that since the Hong Kong General Chamber of Commerce (HKGCC) was conducting such kind of work, it was no longer necessary for the HKPC to be actively involved. Does it mean that whenever HKGCC takes up some work involving the commercial sector, HKPC will not be required to take up any work in that area? Were there similar cases in the past? Is this account true to the fact? Will the Government look into the case? Why did not the HKPC conduct a review on the problems arising from the unduly quoted example, so that any possible loopholes in the legislations for and the control of franchised business in Hong Kong can be identified? Since the HKPC has not reviewed this case, will the Government look into the matter?*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Mr President, I would try my best to answer this question because it embodies many points. In fact, the operation of HKPC, albeit a statutory body with a Governor-appointed Chairman, is entirely independent of the Government. The Government only monitors the general direction of its policy and its annual financial estimates because it receives subsidies from the Government. Therefore, the information given in my reply are also provided by HKPC. Of course, we have also been looking at some facts. Dr HUANG asked why HKPC decided not to be involved in an area where it was found that similar promotion work was being undertaken by the HKGCC, and whether HKPC would step aside to let HKGCC do the work should a similar situation arise in the future. I cannot answer these questions at the moment because I do not know whether HKPC will do so again until such a situation arises. As regards whether there have been similar precedents, I have no idea either. If Dr HUANG wants to have a reply, I can request HKPC to provide me with the relevant information, then I will give Dr HUANG a written reply. (*Annex I*)

As regards the case of individual companies which participated in the promotion activities of HKPC and were later found to be operating improperly or conducting illegal activities, I want to clarify the situation. The company concerned has only sponsored two exhibitions and participated in a visiting delegation overseas. It has only acted as a sponsor and participant. For instance, it has hired a booth as a participant in an exhibition held in Hong Kong. Therefore, it is impossible for HKPC to conduct any review or investigation over the case because HKPC has actually not been involved in the operation of this company.

As for the broader scope of whether the Government finds it necessary to enact any legislation to control these franchising activities, I would like to repeat the reply given by my colleague, the Secretary for Financial Services, to a similar question raised by Dr HUANG on 14 December 1994. Since I have only the English version in hand, may I be allowed to switch to English at this juncture of my reply.

SECRETARY FOR TRADE AND INDUSTRY: Mr President, the Secretary for Financial Services said, in reply to Dr HUANG, in December last year that "franchises generally involve the kind of arm's length negotiation between two parties that the Government has traditionally not interfered with. In the absence of fraud, the relationship between franchisers and franchisees would be subject to the rights and remedies which exist under contract law. The Government sees no evidence that franchisees require legal protection in addition to that afforded generally to other contractors. In the light of the foregoing, the Administration has no plan to introduce specific legislation to govern or regulate the franchise mode of doing business."

MR LEE CHEUK-YAN (in Cantonese): *Mr President, having listened to the Secretary's reply just now, I am afraid that he is not aware of many facts. That is why he said that a review was not needed. When I discussed the matter with the victims of "American Launderland", they told me clearly that they participated in the scheme because they placed their trust in HKPC. Is the Secretary aware of another fact when he said that HKPC had not taken part in the business operation of "American Launderland"? It appeared to be so, but one of the consultants of HKPC later became a director of "American Launderland". Have there been any illegal or improper acts involved? I think that the Government should review the matter. Does the Secretary know that this consultant is responsible for promoting the "franchised" mode of operation? If the Secretary does not know this, I hope that he look into the matter with HKPC and give this Council a report, in order to ascertain whether illegal acts were involved. Does the Secretary know the result of the investigation conducted by the Commercial Crimes Bureau on "American Launderland"?*

SECRETARY FOR TRADE AND INDUSTRY (in Cantonese): Mr President, regarding the activities and operation of the company referred to by Mr LEE, as I have quoted the Secretary for Financial Services' reply in December last year, if there were illegal acts, the operators, that is the franchisees, should report to the Police who would investigate whether the acts were illegal. If they were, the Police would proceed with prosecution.

My reply to the last question raised by Mr LEE is very simple. I do not have any information or findings in hand regarding the investigation conducted by the Police. But, I can inquire of the Police on behalf of Mr LEE and if an answer is received from the Police, I will give Mr LEE a written reply. (*Annex II*)

As regards the point that someone being the employee or consultant of HKPC might have joined this particular company after taking part in the relevant promotion activities, I am more or less aware of the situation. However, HKPC has assured me that there were no improper or illegal acts involved. If there have been such acts, I believe it should be dealt with by HKPC through an internal investigation. If it is proved that no improper or illegal acts were involved, the case should then be closed. If HKPC finds that there have been illegal acts, it should report to the Police who would then handle the case.

Border Crossing Points and Procedures

5. MR JAMES TIEN asked: *According to a research report produced by the Transport Branch, it is estimated that the number of vehicle trips made every day via the border crossing points between Hong Kong and China will exceed 50 000 by the year 2000. Even if the three crossing points at Lok Ma Chau, Man Kam To and Sha Tau Kok are open 24 hours daily, they will still be unable to cope with the soaring traffic volume arising from the ever-increasing demand for cross-border transport facilities as a result of the developments in the industrial and commercial sectors in the territory. In this connection, will the Government inform this Council whether:*

- (a) *it will consider opening new border crossing points; if so, what progress has been made in the study on opening new border crossing points and the construction of associated road networks; and*
- (b) *it has considered introducing joint checks by various concerned departments and other measures which will further streamline the border-crossing procedures?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) May I first clarify that the Administration has not produced or published any research report on cross-border traffic. However, we do keep statistics and have estimated the growth trend. Our records show that in 1994 an average of 22 304 vehicles crossed the border each day using the three crossing points at Lok Ma Chau, Man Kam To and Sha Tau Kok. According to our projections, the combined throughput could rise to about 34 000 vehicle trips a day by the end of 1997 and to 46 000 by the year 2000. The existing crossing points should be able to cope with this demand up to 1997.

Lok Ma Chau is now the busiest crossing point and we have the capacity there to increase the number of kiosks. At present, only nine of the 14 processing kiosks are in use and we have the space there for further expansion and providing up to 24 kiosks. In addition, more kiosks can be opened round the clock at this check point if traffic volumes justify this. It is also important to note that road access to the border will be greatly improved with the completion of the dual lane Route 3 (Country Park Section) in 1998.

The need to provide additional border crossing points as well as new access roads are being studied in the context of the Territorial Development Strategy review. In this respect, the recently established Infrastructure Co-ordinating Committee will provide an excellent forum for the discussion of strategic plans with Chinese representatives, so as to ensure that future processing capacity on both sides of the border can match rising demand.

Apart from road access, Honourable Members are aware that, as announced in the Railway Development Strategy, we are also planning the construction of a new railway line in northwest New Territories from the border to the urban area for completion by the year 2001. This will enhance the carriage of freight containers by rail directly into the Kwai Chung container port and will thus relieve the road system and pressure at the border crossing points. The Kowloon-Canton Railway Corporation (KCRC) has already been invited to submit proposals for building and operating this railway.

- (b) The present operating procedures and the physical layout of the border crossing points does not permit parallel checking by Immigration and Customs Officers, and redesign of the crossing points would be difficult and disruptive given the physical constraints of the sites. We do however keep under constant review measures to streamline border crossing procedures. For example, the Immigration Department will install optical character readers in September 1995 at the three crossing points to speed up the checking of drivers' identity papers.

MR JAMES TIEN: *In the Secretary's reply, he said that the existing crossing points will be able to cope with demand up to 1997. Could the Secretary please confirm that if Lok Ma Chau, which currently has nine kiosks open, could be brought up to 24 kiosks, it would be able to raise the traffic per day to 34 000 as the figure indicated for 1997, or would it go up to 46 000, thereby we do not have to worry up to the year 2000? And secondly*

PRESIDENT: One question please, Mr TIEN.

SECRETARY FOR TRANSPORT: Mr President, the short answer to the Honourable Member's question is yes. Based on our present traffic projections, we are fairly confident that we can cope with demand up to 1997. The important point, Mr President, is that we will constantly review the demand and update our traffic projections and if it is necessary we will plan ahead to ensure that we have the capacity to meet demand.

MRS MIRIAM LAU (in Cantonese): *Mr President, the Ling Ding Sea Bridge project being actively undertaken by the Zhuhai municipality will provide us with another important crossing point for cross-border traffic between China and Hong Kong. This project will certainly have a great impact on Hong Kong's road system, particularly in the Tuen Mun District. Can the Secretary for Transport inform this Council how the Administration intends to co-ordinate with the Chinese side in regard to this project which will have an impact on Hong Kong?*

SECRETARY FOR TRANSPORT: Mr President, the proposals from the Zhuhai authorities are fairly initial at the present stage. In fact just over the weekend, I, together with my colleague, the Secretary for Planning, Environment and Lands, visited Zhuhai and Shenzhen and the authorities there updated us with their proposals. If in fact the proposals for the bridge go ahead, this may necessitate an additional landing point on our side of the territory. The details of this will be discussed at the Infrastructure Co-ordinating Committee at a later stage. In the meantime, as part of the Territorial Development Strategy review, we are looking at new road alignments and there is a tentative alignment along the coast which is known as Route Y, but there is no firm date for its implementation.

MR TIK CHI-YUEN (in Cantonese): *I believe the Secretary for Transport is aware of the fact that serious noise problems have arisen in Tai Po and the Northern Territory ever since the Lok Ma Chau border-crossing point was opened for 24 hours a day. May I ask whether the Administration has considered the consequences of increased traffic flow, such as the levels of noise pollution and environmental pollution, on residents' daily living before looking when it looked into the further extension of services or operation hours at border-crossing points? Further, if such services or operation hours are to be extended, can the Government ensure that prior arrangements will be made to alleviate any disturbances which may be caused to the public?*

SECRETARY FOR TRANSPORT: Mr President, the 24-hour facility at Lok Ma Chau commenced in early November last year. At present, two kiosks are open round the clock. Since the opening of late-hour crossing facilities, some 1 300 goods vehicles use this facility every day at present. The Honourable TIK Chi-yuen of course has raised the question of noise problems along Tolo Harbour. Before the border was open 24 hours, certain noise mitigation measures had been implemented. These included the laying of noise reduction friction on the road surface near Choi Yuen Estate; the installation of noise barriers on the flyover near the same estate; the installation of noise barriers along San Shan Road; and similarly, noise barriers along the section of the New Territories Circular Road near Chuk Yuen Estate.

Following comments from the Honourable Member, the Administration has engaged consultants to consider the noise problem again and one of the immediate measures that will be implemented is to reduce the speed limit and we think that this will reduce noise. The consultants are continuing to examine this problem and obviously if solutions are recommended we will follow these up.

MR LEE WING-TAT (in Cantonese): *Mr President, one of the objectives of providing round the clock service at Lok Ma Chau is to relieve lorry drivers from rushing all at once to the border-crossing point before closing time, with the indirect effect that vehicular traffic to and from container terminals can be spaced out more evenly. But as the Secretary for Transport has just said, after a few months' operation, it was observed that there were only 1 000 container trucks, about 5% of the total number, were using the crossing facilities at night. Can the Secretary for Transport inform this Council whether the Administration has ways to encourage container truck drivers to deliver and collect goods at night so as to alleviate the traffic jam at container terminals? Can any precautionary measures be taken before May and June, the rainy season when traffic congestion will become worse?*

SECRETARY FOR TRANSPORT: Mr President, there are of course ongoing dialogues with the lorry drivers and in fact following the problems last year, tripartite meetings have been set up among the Hong Kong and Shenzhen and cross-border authorities, as well as with the goods vehicle drivers. We certainly will encourage them to spread the time at which they cross the border, but at the end of the day, the drivers must themselves of course decide when they want to actually take out the vehicles on the roads. But certainly the number of vehicles using the border crossing points at night has increased and we shall continue to encourage this.

MR WONG WAI-YIN (in Cantonese): *Mr President, in the first paragraph of his reply, the Secretary for Transport said that the existing facilities at the crossing points would be able to cope with the demand up to 1997. But the fact is that there are "long queues" of container trucks at the border crossing points during rush hours, and it takes a long time before the trucks can get through the border. As a matter of fact, the routine "truck queues" have become so long that other road users are affected. Is the Secretary happy with this routine length of the "truck queues"? If not, are there any ways to shorten the time taken by these trucks to cross the border, hence the length of the "queues", so as to reduce the inconvenience caused to other vehicles?*

SECRETARY FOR TRANSPORT: Mr President, the Honourable WONG Wai-yin is right. At times there are long queues and sometimes one lane of the carriageway is of course taken up by vehicles which are waiting to cross the border. Insofar as our capacity is concerned, this is not one-sided because at the end of the day, we need the understanding and the co-operation of the Chinese side because the arrangements have got to be co-ordinated. In the meantime, we have increased the holding areas of various waiting areas at all three border crossing points and we shall try to further make improvements.

MR ALFRED TSO (in Cantonese): *The Hong Kong Government has all along been saying that either Lok Ma Chau or Lo Wu would be made the connecting point for the new North-west Railway, but the Shenzhen Municipality is of the view that both places are not ideal for the purpose. A couple of days ago, the Secretary for Transport visited the counties and municipalities concerned in China, and the media reported that Shenzhen and Hong Kong seemed to have different views regarding the connecting point for the North-west Railway and the proposed new road network, as well as on the matter of priority. Can the Secretary for Transport inform this Council of the following matters? Firstly, as the Kowloon-Canton Railway Corporation has been designated by the Government to study the development plan for the North-west Railway, will the Government allow the Corporation greater flexibility in handling the matter of the connecting point rather than directing that either Lo Wu or Huanggang check point should be named the point of connection with the Chinese railway network? Secondly, are there any effective measures by which a compromised views point can be reached as soon as possible between the Hong Kong Government and the relevant county and municipal governments from the Chinese side?*

SECRETARY FOR TRANSPORT: Mr President, as far as the KCRC is concerned, the Administration has issued them with a project brief asking them to make firm proposals for the development of the northwest railway corridor and certainly the Corporation will be given maximum flexibility, and indeed, the Corporation also discussed their proposals with their Chinese counterparts. Insofar as our plans are concerned, we envisage that Lo Wu should continue to be the main crossing point for the through train from China for both rail and passengers. The capacity for container units is there because in recent years it has fallen somewhat and more and more of the goods are being transported by land. And indeed the Chinese plans for their own railway extensions envisage through trains through Lo Wu.

Insofar as Lok Ma Chau is concerned, our proposals are simply to provide for an additional passenger terminal and I do not think this in any way contradicts proposals on the Chinese side. As I mentioned earlier, we have now got the Infrastructure Co-ordinating Committee and we can look at the logistical arrangements in that forum.

MR JAMES TIEN: *The new Northwest New Territories Railway that KCRC has been invited to submit proposals on will be completed in the year 2001. Could the Secretary please inform us when it is completed in the year 2001, how much equivalent vehicle traffic it would be equal to at that time, thus reducing the traffic of the Lok Ma Chau crossing?*

SECRETARY FOR TRANSPORT: Mr President, I believe that based on the forecast volume of traffic from China, the freight traffic using the port rail, in the year 2001 we can accommodate 1 450 TEUs — or 20-foot Equivalent Units as the technical term is known — and the capacity will rise to about 2 500 units by the year 2006.

Drug Abuse in Pillar Point Vietnamese Refugee Centre

6. MR WONG WAI-YIN asked (in Cantonese): *It is reported that there is a serious problem of drug abuse in the Pillar Point Open Detention Camp. Will the Government inform this Council:*

- (a) *of the total number of detainees addicted to drugs in the Camp;*
- (b) *what measures the police are taking to combat the drug trafficking and drug abuse problems in the Camp; and*
- (c) *whether there is any effect on the chances of those detainees who are addicted to drugs resettling overseas; if so, what measures the Government will adopt to solve this problem?*

SECRETARY FOR SECURITY: Mr President,

- (a) It is estimated that about 450, out of the 1 500 registered population of refugees living in the Pillar Point Vietnamese Refugee Centre, are addicted to drugs.
- (b) The Police Force take vigorous enforcement action to combat drug trafficking and drug abuse in Pillar Point, in the same way that they take vigorous enforcement action against drug offenders throughout the territory. This action involves, essentially, the collection of criminal intelligence, raids, arrests and prosecutions. During the last year, the police carried out 44 raids in Pillar Point, and took out 92 prosecutions for drug offences.
- (c) Under the Comprehensive Plan of Action (CPA), all refugees will be resettled overseas. The United Nations High Commissioner for Refugees (UNHCR) assists refugees secure overseas resettlement. Drug addiction does, of course, affect the acceptability of refugees

by third countries for overseas resettlement, but it does not make them unresettleable; simply harder to place. In the case of addicted refugees, the UNHCR arranges for their detoxification before departure. At a Technical Meeting convened by the UNHCR in Bangkok in June 1994, the Hong Kong Government appealed to resettlement countries to relax their criteria for accepting these hard-to-place refugees from Hong Kong. Since 1 April 1994, about 300 of these refugees, including their family members, have been resettled overseas from Pillar Point.

MR WONG WAI-YIN (in Cantonese): *Mr President, in the first paragraph of the Secretary's reply, it was said that of the around 1 500 registered refugees in the Pillar Point Centre, 450 were addicted to drugs, which was roughly one third of the Centre's population. If we exclude children from the count, the number of addicts would probably come close to half of the registered population, and such a figure is appalling. I do not think the problem can come to this size in a short period. I would like to ask the Secretary how this serious problem could arise. Has it got anything to do with the management of the Centre or the inadequacy of measures adopted to combat drug offences in the Centre?*

SECRETARY FOR SECURITY: Mr President, no. The ratio of drug addicts in Pillar Point is, as the Honourable Member pointed out, about 30%. This is significantly, very very significantly, in excess of the territory-wide percentage, which is less than 0.5%. There is no real scientific or in-depth way of studying the reasons for such a high concentration of drug addicts at Pillar Point; but we feel that it is probably the result of a combination of social, personal, psychological and possibly even environmental factors. Those who resort to drugs, as I pointed out in my main answer, reduce their chances of resettlement and become more and more frustrated by the lack of progress in their overseas resettlement. As others are accepted for overseas resettlement and then depart and leave Pillar Point, the concentration of those left behind, who are drug addicts, correspondingly increases. As the Honourable Member has pointed out, this is a long standing problem and it is one which we and the UNHCR take very seriously. We are trying to encourage those who are addicted to drugs to get off drugs and to try and encourage them to seek a more viable way of obtaining the resettlement which both they and we want.

MR MAN SAI-CHEONG (in Cantonese): *Mr President, two days ago in the Narcotics Summit (Summit on Drugs), the Governor emphasized the importance of anti-drug education. Now apart from dealing with drug trafficking and drug abuse in refugee camps, I want to know whether the Government has actively conducted any anti-drug publicity and education programmes in the VR camps. If not, what are the reasons? Is it because the problem has become so acute that it would be too late or futile to do such work?*

SECRETARY FOR SECURITY: Mr President, the answer is yes, we have taken the steps that the Honourable Member has pointed out. I think Members are aware that we carry out drug education programmes throughout Hong Kong, and in parallel with these, we have a special programme directed specifically at Vietnamese refugees. The talks, the publicity material and the visits to Pillar Point, all take place in Vietnamese in order to try and make the impact much more effective.

MISS EMILY LAU (in Cantonese): *Mr President, I want to know how many drug addicted refugees have already been refused overseas settlement, and how many overseas countries have formally declared that they would not accept drug addicted refugees?*

SECRETARY FOR SECURITY: The answer to both parts of that question, Mr President, is none. These people are refugees and as I pointed out in my main answer, all of them, according to the CPA, will be resettled overseas. I admit that the reality of the situation is that those who have a drug problem are more difficult to resettle, but that does not mean any of them will not be resettled. In fact, there is a slow but steady resettlement from Pillar Point as these refugees seek treatment, become detoxified and become therefore eligible for resettlement.

PRESIDENT: Not answered, Miss LAU?

MISS EMILY LAU: *Yes, Mr President. I cannot understand how the Government can come to the conclusion that those refugees with a drug problem have difficulty in being resettled if you do not actually have figures of rejection. Surely these people must have applied and have been rejected, then you come to the conclusion it is more difficult. So, I mean if you do not have those figures, then how can you say they have greater difficulty in being resettled?*

SECRETARY FOR SECURITY: I think that in response to that question, Mr President, the facts are that the reason for our conclusion that these people are more difficult to resettle because they take longer to resettle, that is a fact; it is not an opinion. But equally, it is also a fact that in the last couple of years, approximately 150 refugees who have been detoxified and have been accepted for resettlement. As I said, the pace is slow, slower than we would wish, but it does continue.

PRESIDENT: Yes, Miss LAU, not answered?

MISS EMILY LAU: *Mr President, thank you for your indulgence. I do not understand this business of it taking longer. Why does it take longer? Is it because of the refusal to accept them, then the process takes longer? So can you explain to us why?*

SECRETARY FOR SECURITY: I think, again, Mr President, the answer to that question is that all of these refugees, of whom there are about 1 700 in Hong Kong, have been agreed under the CPA to be resettled. It is up to the resettlement countries to examine those refugees and to decide whom they will and whom they will not take. The resettlement countries have not said that they will not take any of these refugees. The CPA is still extant and all of them will be resettled. The fact is that some of them are simply harder to place and, therefore, take longer to be resettled.

DR TANG SIU-TONG (in Cantonese): *Mr President, in paragraph (a) of the main reply, it was said that among the 1 500 registered refugees, about 450 were drug addicted. The figure is appalling. I would like to know that of these 450 persons, how many were addicted before, and how many because addicted after, they entered the camp. Have any of these 450 persons tried to apply for resettlement overseas but were rejected?*

PRESIDENT: I think the last part of your question has been answered, Dr TANG.

SECRETARY FOR SECURITY: As regards the first part of the question, Mr President, I am afraid I do not have the information as to the exact time that the refugees became addicted. I will endeavour to gather that information and provide a written answer. (*Annex III*)

MR ALFRED TSO (in Cantonese): *Mr President, it was mentioned in the Secretary's reply that among the 1 500 registered refugees, 450 were drug addicted. We know very well that many refugees are not actually living in the Centre, in other words they are living outside the Centre. Therefore the actual percentage figure representing these 450 drug addicts is exceptionally high. I would like to know whether these 450 persons are all males in their prime years; and how many of the 1 500 registered refugees are elderly persons, children or women, so that we may find out the percentage pattern of drug addicts in the Centre. Secondly, in paragraph (c) of the reply, it was said that they would only be detoxified before their departure*

PRESIDENT: One question at a time, please, Mr TSO. I have said this more than once this afternoon.

SECRETARY FOR SECURITY: Mr President, I can give a general answer, but I think the Honourable Member wants a specific answer with numbers, which I cannot provide at the moment. I will provide it in writing later. The general answer to his question is that like the age structure of drug addicts in Hong Kong, the drug addicts amongst the refugees registered in Pillar Point are adult male aged between 21 and 50. But I think the Honourable Member wants a detailed breakdown and I will provide that in writing if I may. (*Annex IV*)

PRESIDENT: I have one more supplementary outstanding.

MR WONG WAI-YIN (in Cantonese): *Mr President, in the second paragraph of the Secretary's reply, the last sentence indicated that In 1994, the Police took out 92 prosecutions for drug offences. I would like to ask the Secretary, in these 92 prosecutions, how many refugees were charged for drug trafficking? Do these refugees, who have been charged with the criminal offence of drug trafficking and who may be serving their sentence now in jail, still have the chance of overseas resettlement?*

SECRETARY FOR SECURITY: The number of prosecutions, as I said, was 92 between January 1994 and January 1995. The fact that the refugees might have a prison sentence imposed upon them does, again, obviously, make them harder to resettle. But, once again, it does not rule them out for resettlement. There have been a number of cases of refugees with a prison sentence on their record, who have been resettled.

PRESIDENT: Two more supplementaries, Mr TO and then Mr Alfred TSO.

MR JAMES TO (in Cantonese): *Mr President, just now the Secretary cited social, psychological personal, and environmental factors as the reasons for the refugees to become addicted. I cannot think of another reason because he has almost exhausted the list. But it is really a problem to have such a high level of drug addiction. I hope the Government can find out the causes and tackle the problem at the root. I would like to know how many of the 450 drug addicts in Pillar Point have gone through detoxification programmes, and how many have indicated their willingness to go through such programmes?*

PRESIDENT: You have got two questions there again, Mr James TO, and I have been trying to make the point. I will only permit single supplementaries.

MR JAMES TO (in Cantonese): *Mr President, I have only asked how many people were willing to go through the detoxification programme and how many had actually gone through that programme. This is a matter of figures.*

PRESIDENT: Well, if that is the question.

SECRETARY FOR SECURITY: Mr President, at present about 20 of the 450 refugees at Pillar Point are undergoing detoxification under SARDA or St Stephen Society programmes. In addition to that, about 90 Vietnamese were registered under the Methadone Detoxification Programme.

MR ALFRED TSO (in Cantonese): *Mr President, according to informed sources a drug addict needs an average daily expenditure of \$200 for his drugs. Now since there are so many drug addicts in the refugee camp and they have to spend so much money on drugs, does the Secretary know where such money comes from? Will they be driven to commit other criminal offences as a result, thus posing a threat to our society?*

SECRETARY FOR SECURITY: Mr President, there is no indication that the Vietnamese refugees in Pillar Point are involved with either criminal gangs, triad members or any other organized criminal sections of society. As I think the Honourable Member knows, the refugees in Pillar Point are free to work and therefore they have an opportunity to gain money, and therefore to sustain their habit.

WRITTEN ANSWERS TO QUESTIONS

Abuse of 'Ice'

7. MR TIMOTHY HA asked (in Chinese): *According to figures released by the Narcotics Bureau of the Police, a total of 123 kilogrammes of 'ice' was seized by the Police and the Customs and Excise Department last year, which was the highest on record. In this connection, will the Government inform this Council:*

- (a) *whether there are any signs indicating that the abuse of 'ice' has become a new trend among drug addicts;*

- (b) *of the quantity of 'ice' seized by the Police and the Customs and Excise Department in each of the past three years; and*
- (c) *of the estimated numbers of adults and youngsters abusing 'ice' habitually in each of the past three years; and what measures are being taken by the Government to tackle the problem?*

SECRETARY FOR SECURITY: Mr President,

- (a) There is no evidence to suggest that "Ice" (Methylamphetamine) has become a new trend among drug abusers. The majority of the "Ice" seized in 1994 were destined for neighbouring countries in Southeast Asia.
- (b) Seizures of "Ice" by the police and the Customs and Excise Department for the past three years are:

	1992	1993	1994
Police	18.6 kg	1.8 kg	123 kg
Customs	0.18 kg	0.01 kg	0.001 kg

- (c) Separate figures on the number of persons reported to be abusing "Ice" are not available as "Ice" is grouped together with other amphetamines for statistical purposes. The numbers of persons reported to be abusing amphetamines over the past three years are:

	1992	1993	1994
Reported persons aged under 21 abusing amphetamines	18	33	28
(% of reported persons under 21)	(1.2%)	(1.3%)	(0.8%)
Reported persons aged 21 and above abusing amphetamines	26	44	50
(% of reported persons aged 21 and above)	(0.2%)	(0.3%)	(0.4%)

The number of abusers of amphetamines (with which "Ice" is classified) has remained small.

The Government tackles the problem of drug abuse by a multi-faceted approach:

- through vigorous law enforcement we interdict the smuggling of drugs into Hong Kong, and detect and prosecute offenders so as to clamp down on the illegal supply of drugs into Hong Kong;
- we provide a wide range of both mandatory and voluntary programmes for the treatment and rehabilitation of drug abusers; and
- through preventive education and publicity we aim to promote a healthy lifestyle, especially among young people, and encourage them to resist the temptation to take drugs.

Emission Standards for Private Cars

8. MR LAU WONG-FAT asked (in Chinese): *Regarding the problem of emission of exhaust gas from private cars, will the Government inform this Council:*

- (a) *of the emission standard currently in force for private cars; and*
- (b) *whether the relevant department requires that private cars over six years old must meet the emission standard in the annual inspection of such vehicles before approving the renewal of licences; if not, whether the Government will consider introducing such an requirement?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President,

- (a) All vehicles running on the road, including private cars, are required under the Road Traffic (Construction and Maintenance of Vehicles) Regulations to meet a smoke emission standard of 60 Hartridge Smoke Unit (HSU).

For new cars, emission standards are set out in the Air Pollution Control (Vehicle Design Standards) (Emission) Regulations. These standards are as stringent as those adopted in Europe, the United States and Japan and all private cars have been required to meet these standards before acceptance for first registration in Hong Kong since 1992. More stringent emission standards for new vehicles are proposed from April 1995.

- (b) Private cars over six years old are required to meet a smoke emission standard of 60 HSU at their annual inspection before they can have their licences renewed by the Transport Department.

Masonry and Tiles Falling off External Walls

9. MS EMILY LAU asked (in Chinese): *As the falling of masonry and tiles off the external walls of some private and government buildings threatens the safety of pedestrians, will the Government inform this Council:*

- (a) *how many pedestrians were killed or injured in the past three years as a result of masonry and tiles falling off the external walls of buildings;*
- (b) *how it is to be assessed who is responsible in the event of falling masonry and tiles causing casualties or damages to property and whether any criminal charge can be preferred in such accidents;*
- (c) *whether there is any mechanism to monitor and check the safety of buildings whose external walls are covered with tiles; and whether there are any measures to prevent the occurrence of such accidents; and*
- (d) *whether it will consider prohibiting the laying of tiles on the external walls of buildings?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the answers to the four parts of this question are as follows:

- (a) No statistics regarding private buildings are kept. As regards government buildings, no pedestrians were killed or injured as a result of masonry and tiles falling off the external walls in the past three years.
- (b) Generally, the police and/or the Buildings Department are responsible for investigating cases of falling masonry or tiles which result in death or injury.

Maintenance of buildings is ordinarily the responsibility of the owner. Where an owners' corporation exists, it has a statutory duty to "maintain the common parts in good and serviceable repair and clean condition" under the Building Management Ordinance.

As regards criminal liability, if any, for allowing masonry or tiles to fall off the external walls of buildings, section 4B(1) and 4B(2) of the Summary Offences Ordinance provide:

- (i) If anything is dropped or allowed to fall from any building to the danger or injury of any person in or near a public place, the person who drops that thing or allows it to fall commits an offence and is liable to a fine of \$10,000 and imprisonment for six months.
- (ii) If anything is dropped or allowed to fall from any building in the course of construction, repair or decoration of the building or part thereof, to the danger or injury of any person in or near a public place, the principal contractor on the site and the contractor carrying out the construction, repair or decoration commits an offence and is liable to a fine of \$50,000 and imprisonment for one year.

If the tiles or masonry fall off by accident, there is no criminal offence.

- (c) Under section 26 of the Buildings Ordinance, an owner of a dangerous or potentially dangerous building will be ordered to carry out remedial works. If he fails to do so, the Buildings Department will carry out the works at his expense. Also, under section 26A of the said Ordinance where on inspection the Building Authority identifies any dilapidation or defect in a building, the owner will be ordered to investigate and repair. In case of any default of such order, the Buildings Department will carry out the repair at the owner's expense. Loose tiling or masonry falls within these provisions.

Starting from 1 March 1995, prosecution of offenders under the Buildings Ordinance has been stepped up. It is hoped that this will have a greater deterrent effect and hence, better protect the public from dangerous building works, including loose tiling or masonry.

Apart from taking enforcement action, the Buildings Department's publicity efforts constantly stress that building maintenance is the responsibility of the owners. It is now preparing a leaflet on "Detection of External Wall Defects" which will be available for distribution to the public in the later part of 1995.

- (d) At this stage, the control of the laying of tiles on the external walls of buildings is adequate. The Administration has no plan to prohibit the use of such tiles.

Government Rentals Paid by Shek O Tenants

10. MR JIMMY MCGREGOR asked: *Bearing in mind the need for all tenants on government land paying rental to the Government to be treated fairly, will the Government inform this Council why some tenants in the Shek O Village area, such as those on Site No. 466 and Site No. 400/402, are paying very substantial rentals to the Government with over 100% increases since 1994, while other tenants in the same Shek O Village area, such as those on Site Nos. 410, 784, 787, 816, 817 and 856 on which restaurants and shops are located, apparently are paying no government rentals at all?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, structures on Site Nos. 410, 784, 787, 816, 817 and 856 in Shek O are squatter structures built on government land. They are not covered by any government licence or tenancy agreement. Therefore, no rent is charged.

Site Nos. 466 and 400/402 were covered by Crown Land Licences issued in the early 1980s. In 1984, in accordance with government policy, these licences were converted to short-term tenancies. Full market rental has been payable since then. The rentals are revised every three years and the last review for these tenancies was on 1 January 1995. Should the tenants disagree with the new rental, appeals may be made to the Director of Lands.

Driving Offence Points System

11. MR HENRY TANG asked (in Chinese): *With regard to the Driving Offence Points System which was introduced in August 1984, will the Government inform this Council:*

- (a) *whether the Scheme has achieved its objectives of improving road safety as well as deterring frequent offenders of traffic regulations so as to raise their driving standard and reduce accident-induced casualties;*
- (b) *of the total number of drivers who were disqualified from holding a driving licence for three months after incurring 15 penalty points in the past two years; of this number, how many were disqualified for another six months for committing a further offence; and*
- (c) *what other measures — apart from putting out posters and Announcements of Public Interest (APIs) when the system was first introduced — have been taken by the Government to arouse the awareness of drivers and to make them understand clearly the number of points incurred in respect of the 14 categories of offences which directly affect road safety?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) Since the Driving Offence Points System was introduced in 1984, there has been a marked decline in the number of traffic accidents, notwithstanding the significant increase in the numbers of vehicles over the same period. For example, there were 4 968 serious and fatal accidents in 1984, compared with 3 558 in 1994. This declining trend is due to a number of factors, but we believe that the Driving Offence Points System has also played its part in improving road safety.
- (b) In the past two years, 9 721 drivers were disqualified from holding a driving licence for three months, and 1 419 drivers were disqualified for six months under the Road Traffic (Driving-Offence Points) Ordinance.
- (c) The Transport Department publishes a booklet on "How the Driving-Offence Points System Affects You". This is available free of charge from government publications outlets as well as from the Transport Department licensing offices. The booklet describes the objectives of the scheme, the offences which incur penalty points, and the method of calculation. When a motorist has incurred eight penalty points, a warning letter is issued to him by the Transport Department.

Expansion of Recycling Projects

12. MR ERIC LI asked (in Chinese): *The waste paper recycling projects have been implemented by the Government for some time. According to experience gained in foreign countries in the recycling of waste materials, glass ware and plastic products are included in addition to waste paper. In this regard, will the Government inform this Council whether the recycling projects will be expanded to include glass and plastic products; if so, when these projects will be implemented, how the waste materials will be collected, and what the estimated administration cost will be, if not, why not?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, at present, we have no plans to extend the waste paper recycling projects in government departments to include glass and plastic products because waste paper is the major type of waste arising from government offices.

However, at present over 90% of locally filled glass beverage bottles are recovered for reuse through deposit refund schemes and about 40% of mainly pre-consumption plastic wastes are recovered for recycling.

As regards recycling generally, the Administration has commissioned a Waste Reduction Study to examine the current levels of waste generation and collection patterns, and to identify measures to reduce waste production and increase reuse and recovery.

Polling Stations

13. MISS EMILY LAU asked (in Chinese): *According to recently published information on polling stations for the Municipal Council elections in March this year, some of the polling stations designated for certain districts in the 1994 district board elections have been cancelled. However, there are no replacement polling stations designated for the districts concerned. In this connection, will the Government inform this Council:*

- (a) *of the total number of polling stations cancelled, their respective locations and the reasons for cancellation of the respective polling stations;*
- (b) *of the reasons for not designating any replacement polling stations for the districts concerned;*
- (c) *whether a similar situation will occur in the 1995 Legislative Council election;*
- (d) *whether it has any plans for opening more polling stations in future elections to facilitate voting, which will help to boost the turn-out rate of voters; and*
- (e) *whether any consideration will be given to setting up mobile polling stations when the need arises?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS: Mr President,

- (a) After the September 1994 District Board elections, the Registration and Electoral Office (REO) reviewed the designation of the polling stations used in the elections, taking into account the views and

comments of candidates, returning officers and the public. It was found that the locations and facilities of some of these polling stations were unsatisfactory. As a result, 27 polling stations have been replaced, five added and seven merged with other polling stations. There are now a total of 440 polling stations in the territory. The Annex sets out the details of the seven polling stations merged with others and the reasons for the merger.

- (b) Before a polling station is cancelled, the REO will first consider the availability of a suitable replacement. Only where there is no suitable alternative would it consider merger with another neighbouring polling station. Various factors are taken into account in the designation of a polling station, including the geographical spread, physical feature, population distribution and transport facilities available in the area. An ideal polling station should be centrally located in the area, generally known to local residents and easily accessible. The polling station should be sufficiently spacious to cope with the size of the electorate. Furthermore, the station should not, as far as possible, be closely connected with any candidate.
- (c) To prepare for the September Legislative Council elections, the REO will similarly conduct a review of the polling stations after the Municipal Council elections. Any views and suggestions on the designation of polling stations will be welcome.
- (d) The Boundary and Election Commission (BEC) has asked the REO to identify, where circumstances warrant and suitable sites are available, more polling stations for the September Legislative Council elections. The aim is to provide electors with more convenience where the expenditure of public funds is justified.
- (e) Where circumstances so require and permit, the REO will consider using temporary structures as polling stations, for example, setting up container structures in an open space for polling. As regards mobile polling facilities, they are fraught with serious practical difficulties, not least of which are the security considerations involved. The BEC has no plan for mobile polling stations.

Annex

<i>District</i>	<i>Original polling station</i>	<i>Polling station designated after merger</i>	<i>Reasons for merger</i>
Kwun Tong	1. Kwun Tong Methodist Kindergarten, Garden Estate	Kwun Tong Government Primary School, Ngau Tau Kok Road	The original polling station is unsuitable as it is too small to cope with 9 000 electors, and access by the aged and the handicapped is inconvenient. The Kwun Tong Government Primary School, the polling station for another District Board Constituency (DBC), is in the proximity across Ngau Tau Kok Road. Its floor area is sufficiently large to cope with the size of the electorate after the merger.
Tsuen Wan	2. BTCFS Yeung Yat Lam Memorial School, Lei Muk Shue Estate	Lei Muk Shue Community Hall, Lei Muk Shue Estate.	The school will be demolished in the redevelopment programme of Lei Muk Shue. The Polling station for the neighbouring DBC at the Community Hall is situated nearby in the same housing estate. Its floor area is sufficiently large to cope with the size of the electorate after the merger.
Tuen Mun	3. Corridor of Oi Yung House Shopping Arcade, Yau Oi Estate	Islamic Primary School, Yau Oi Estate	Experience in the September DB elections reveals that the polling station at the Corridor of the Shopping Arcade was unsatisfactory. The polling station for the neighbouring DBC at Islamic Primary School is situated nearby within the same housing estate. Its floor area is sufficiently large to cope with the size of the electorate after the merger.
Yuen Long	4. Pak U Middle School (old site), Hung Shui Kiu	Yau Kung School, Ha Tsuen	Pak U Middle School is to be redeveloped and cannot be used as polling station. No suitable alternative can be located in the vicinity. The 900 electors originally assigned to that polling station have thus been transferred to Yau Kung School, Ha Tsuen, another polling station in the same DBC.

Annex

<i>District</i>	<i>Original Polling station</i>	<i>Polling station designated after merger</i>	<i>Reasons for merger</i>
Tai Po	5. Tai Po Public School, Kwong Fuk Estate	Kwong Fuk Community Hall, Kwong Fuk Estate	There was a complaint at the 1994 DB elections that the choice of the original polling station was unsatisfactory as it could be misconstrued to be associated with one interested party in the elections. The neighbouring polling station at the Community Hall is situated nearby in the same housing estate. Its floor area is sufficiently large to cope with the size of the electorate after the merger.
Sha Tin	6. Shatin Tsung Tsin Secondary School, Sun Chui Estate	YPICA Lee Ng Sui-Oi Memorial School, Sun Chui Estate	Access to Tsung Tsin Secondary School by the aged and the handicapped is inconvenient. The Lee Ng Sui-Oi Memorial School in same housing estate which is the polling station for another DBC is more suitable. The floor area of the latter is sufficiently large to cope with the size of the electorate after the merger.
Sha Tin	7. Cartias Hiu Yau Kindergarten, Kwong Lam Court	Kwong Yuen Community Hall, Kwong Yuen Estate	The kindergarten is unsuitable as a polling station as it is too small. The polling station for the neighbouring DBC at the Kwong yuen Community Hall is situated nearby. Its floor area is sufficiently large to cope with the size of the electorate after the merger.

Hospital Authority's Manpower Indicators

14. MR MICHAEL HO asked (in Chinese): *Although nearly six months have elapsed since the Hospital Authority published the Manpower Indicators in respect of the nursing and allied health professionals, no measures have been put in place to achieve the targets set out in the Indicators. In this connection, will the Government inform this Council:*

- (a) *of the purposes and objectives of the Hospital Authority in formulating such Manpower Indicators;*

- (b) *whether the staff in the grades concerned or the public have been consulted about the Manpower Indicators; if so, what was the duration of the consultation period;*
- (c) *whether any concrete measures and the timing for achieving the targets in the Indicators have been drawn up; if so, when the details can be announced, and how such measures will be implemented by the Hospital Authority?*

SECRETARY FOR HEALTH AND WELFARE: Mr President, the manpower indicators promulgated by the Hospital Authority are designed to serve as a planning tool to facilitate the work of hospital managers. These indicators provide a useful benchmark against which the staffing situation in different clinical specialties could be monitored. In areas where deficiencies are identified, appropriate action would be taken to redeploy existing manpower resources or to plan for the need of additional staff.

The manpower indicators have been discussed extensively by the Medical Services Development Committee of the Hospital Authority, and were circulated to individual hospitals as well as various staff groups for consultation. Furthermore, two seminars were conducted in October 1994 to familiarize 400 frontline nurse managers with the rationale and potential application of the new indicators.

The manpower indicators are not meant to be prescriptive staffing ratios. Individual hospitals are already making use of these indicators to adjust their respective manpower planning and deployment strategies. The Hospital Authority Head Office has also established an expert team to assist hospital managers in reviewing and addressing their staffing situation. This exercise is expected to complete by May 1995 so that new initiatives could be incorporated into the annual business planning process.

Apart from the development and implementation of manpower indicators, the Hospital Authority will continue with its intensified efforts to improve the recruitment and retention of nursing staff at all levels. Measures have been introduced to provide a better working environment for nurses, to enhance their training and education, to streamline work processes, to reduce the frequency of night shifts, and to employ additional supporting staff to undertake non-professional duties.

Provision of Cable TV Channels to Government

15. MR ERIC LI asked (in Chinese): *It was originally scheduled that Cable Television would start providing, free of charge, three channels for the Government to broadcast programmes on 1 January 1995. However, the three government channels will not be available for use until 1996 because of technical problems. In this connection, will the Government inform this Council:*

- (a) *what measures are in place to ensure that the three government channels will be made available on time;*
- (b) *of any specific plans to use these channels; and*
- (c) *whether one or more of these channels will be open to the public as a public service channel, so as to encourage its use by educational bodies, community organizations, students and young people; if not, why not?*

SECRETARY FOR RECREATION AND CULTURE: Mr President, I would like, first of all, to clarify a misconception. It was never the intention that the three channels reserved for government use on Wharf Cable's network should be handed over to the Government on 1 January 1995. Condition 10.3.1 of Wharf Cable Limited's Initial Subscription Television Broadcasting Licence clearly states that:

"Upon not less than 6 months notice in writing given by the Broadcasting Authority to the Licensee to expire at any time or times throughout the period of validity of this licence after 1 January 1995, the Licensee shall, in addition to the obligations referred to in clause 10.1, make available to Government free of charge and expense such use of not more than three channels in the basic package of programmes as may be directed by the Broadcasting Authority, subject to the availability of radio frequency spectrum during the period that the Licensee is utilizing that spectrum under this licence."

Thus provision is made for the channels to be handed over any time during the validity of Wharf Cable's 12-year licence. It follows in regard to part (a) of the question therefore, that there is no specific timetable for the Government to institute any measures to make the channels available. However, Wharf Cable do not have spare spectrum capacity at present on its MMDS system and is unlikely to have a sufficient subscriber reach on its optic fibre network to make handover worthwhile until well into 1996.

As regards parts (b) and (c) of the question, Members were informed during the motion debate on 6 July 1994 that an inter-departmental working group had been set up in April 1994 to examine whether and if so, how the Government should make the best use of the government channels on Wharf Cable's network and should explore the ideas of providing a "public broadcasting service" and/or a "public access service". The working group has now completed its report and its recommendations are currently being considered within the Administration. It is intended that the outcome will be reported to Members shortly, once the Administration has taken a decision.

Squatter Areas

16. MR FREDERICK FUNG asked (in Chinese): *In his 1994 Policy Address, the Governor stated that all urban squatters on Government land would be rehoused by March 1996. In this connection, will the Government inform this Council of:*

- (a) *the names of all existing squatter areas in the territory together with the respective squatter population, their distribution on Government and private land, the estimated dates of clearance as well as the expected rehousing sites; and*
- (b) *the squatter areas where the Housing Department has carried out improvement works under the Squatter Area Improvement (SAI) Scheme; whether any follow-up action on such improvement works has been taken; and which squatter areas have not undergone improvement works under the SAI Scheme?*

SECRETARY FOR HOUSING: Mr President, there are about 31 200 urban squatters, of whom about 9 000 are living on Government land and the remainder on private lots. A list of urban squatter areas is at Annex 1. The Administration has pledged to clear all urban squatters on government land before 31 March 1996. There is no plan to clear other squatters. To avoid possible abuse, it is the Housing Department's practice not to announce the location and specific timing of squatter area clearances prior to the conduct of pre-clearance surveys.

The Squatter Area Improvement Scheme covers a period of seven years between 1983 and 1990. A list of those squatter areas affected is at Annex 2. Since the completion of the programme, the Housing Department has continued to provide maintenance services for the public facilities in those areas.

List of Urban Squatter Areas

Hong Kong Island

- | | |
|---|---|
| Near Yellow Stork House,
Tanner Hill Estate
Nga Choi Hang
Tin Hau Temple Hill
Ma Shan, Causeway Bay
Sir Cecil's Ride | J/O Repulse Bay Road and South Bay Road |
| * Tai Hang Hill | South Bay Road |
| Wun Sha Street | * Headland Road |
| Rear of Confucious School | * Chung Hom Kok Road |
| Bowen Road | Sai Wan Chai |
| Wan Chai Gap Road | Stanley Market |
| Kennedy Street/Road and Sik On Street | Nam Yeuk |
| Chatham Path and Tregunter Path | St Stephen Beach, Stanley |
| Hatton Road | Tai Tam Village, Stanley |
| * Chu Mo Shan | * Stanley Gap Road |
| Behind Tai Wah Factory | Tai Tam |
| Ho Jong | Tai Tam Road (West) |
| Tai Hau Wan Village | Tai Tam Tuk Village |
| * Sandy Bay | Shek O Road |
| Tai Wan Sun Chuen | Lan Nai Wan |
| Telegraph Bay Village | Tung Ah Pui |
| * Near Baguio Village | Ngan Hang |
| * North Victoric Road | To Dai Wan (Diety Bay) |
| Pokfulam Village | Windy Gap |
| Victoria Road Near Wah Fu Estate
(Shui Choi Tin Village and Pok Po Wan) | Hok Tsui Village |
| * Lai Lung Wan | Nga Choi Hang (Hok Tsui) |
| (Area opposite Hing Wai Ice Factory) | Shek O Village |
| Chiu Chow Shan | Big Wave Bay |
| * Shek Pai Wan Road/Tin Wan Hill | Yuen Dao Ngam (Chai Wan Hill) |
| Hillslope behind Apleichau Main Street | Sai Wan Chuen (behind Block 19,
Chai Wan Estate) |
| Pak Sha Wan, Apleichau | Sai Chuen (below Cape Collinson Road) |
| * Deep Ditch | Cape Collinson Road |
| Behind Aberdeen Police Station | Tai Hang Tung Chuen (Tai Hang Ngau and
Moon Wah Lau) |
| Wong Chuk Hang Path and Old Village | Tai Tam Road (East) |
| Shouson Hill Road | Aldrick Village |
| Wong Chuk Hang Sun Wai Chuen | * Hoi Shum Temple, Shau Kei Wan |
| Island Road side of Golf Course | Shan Bin Terrace |
| | Ah Kung Ngam Village |
| | Tanner Hill Below Tin Hau Temple Road |
| * Squatter areas under clearance | |

Kowloon

- | | |
|------------------------------|---|
| Ma Pui Village | Fuk Wing Street/Camp Street |
| Ma Wan Village | Hillside near Block 36, Shek Kip Mei Estate |
| Che Tang Village | Fuk Tak Temple |
| Lei Yue Mun Village | North Kowloon Magistracy Hillslope |
| Shung Shun Street Sea Front | * Pak Shan Village |
| Ling Nam New Village (Lower) | Ho Kar Yuen |
| Ling Nam New Village (Upper) | Chung Shan Village |
| * Cha Kwo Ling Road (South) | Tsz Mei Village |
| Cha Kwo Ling Village | * New Kowloon No. 8 Cemetary |
| Fan Wah Street | Tak Mong Village |

List of Urban Squatter Areas

Kowloon

- | | |
|--|--|
| * Kai Tin Village
Hillslope opposite Tsui Ying House,
Tsui Ping Estate
Kai Liu
Hillslope near Tsui Yeung House,
Tsui Ping Estate
Ma Yau Tong
Fuk Tak New Village
Fei Po Hang/Kwun Tong Industrial Area | Ngau Chi Wan Village
Ha Yuen Ling (West)/
Tai Hom Village (South of
Lung Cheung Road)
Sheung Yuen Ling (North) |
| * On Lok Village | * Diamond Hill New Village/
Sheung Yuen Ling (South)/
Sheung Yuen Ling (North) |
| * Sai Wo Yuen/Tai Shing Village | * Diamond Hill New Village |
| * Sau Ming Village | * Tai Koon New Village |
| * Wo Ping Village/Sau On Village | Chuk Yuen United Village (East) |
| * Jordan Path
Yuen Po Road | Ngar Tsin Wai Village
Sa Po Road
Shansi Street |

* Squatter areas under clearance.

Annex 2

Squatter Area Improvement Programme

<i>Serial number</i>	<i>Squatter area</i>
Five-year programme	
1	Tai Shing
2	Cheung Lung Tin I
3	Cheung Lung Tin II
4	Cheung Lung Tin III
5	Cheung Lung Tin IV
6	Ngar Choi Hang
7	Sai Wo Yuen
8	On Lok I
9	On Lok II
10	On Lok III
11	Sau Ming I
12	Sau Ming II
13	Tak Mong (Jat's Incline)
14	Fa Yuen I
15	Fa Yuen II
16	Nam On Fong
17	Sheung Yat Chuen
18	Tai Shing Extension
19	Man Kuk I
20	Man Kuk II
21	Ma Shan I
22	Ma Shan II
23	Holy Cross Path I
24	Holy Cross Path II
25	Tai Hang Hill
26	Shek Lei Hill
27	O Pui Lung
28	Shing On

<i>Serial number</i>	<i>Squatter area</i>
29	Lei Yue Mun Village
30	Ling Nam Lower Village
31	Ling Nam Upper Village
32	Ma Pui and Che Tang Village
33	Ma Wan Village
34	Heung Yeung
35	Fu Yung Shan
36	Hon Man Chuen
37	Kwong Pan Tin Lower
38	Kwong Pan Tin Upper
39	Pak Tin Pa
40	Aldrick Village
41	Ma Shan (Causeway Bay) and Lin Fa Kung
42	Wang Hang
43	Ho Jong and Smithfield Road
44	Wong Chuk Hang Sun Wai
45	Stanley Valley
46	Lion Rock Hill Village
47	Nam Shan Mei Upper
48	Kwu Hang
49	Cha Kwo Ling I
50	Cha Kwo Ling II
51	Grandview Road
52	Telegraph Bay I
53	Telegraph Bay II
54	Chuk Lam
55	Mui Kong
56	Tai O
57	Ma On Shan
58	Shatin Tau Area 6
59	Hang Hau Chuen
60	Ying Pun
61	Kam Shan Village
62	Tai Hang Tung
63	Shan Bin Terrace
64	Ching Man Village
Two-year extended programme	
65	Wong Chuk Hang Path and Old Village
66	Yuen Dao Ngam
67	Wo Ping
68	Yau Tong Lower
69	Ngau Chi Wan
70	61/2 M, Castle Peak Road
71	Wo Yi Hop
72	Tso Kung Tam
73	Tai Wor Chuen
74	Big Wave Bay
75	Shek O I
76	Shek O II
77	Pokfulam Village
78	Tung Yeung
79	Tai Hom (South)
80	Tse Mei/Tin Liu
81	Tsz Mei

<i>Serial number</i>	<i>Squatter area</i>
82	Tin Liu
83	Sham Tseng
84	Cheung Hang Village
85	A Kung Ngam Village I
86	A Kung Ngam Village II
87	Tai Wan Sun Chuen
88	Tai Hau Wan Village
89	Kwong Pan Tin 4
90	Tai Ping I
91	Tai Ping II
92	Diamond New Village
93	Kau Wah Keng Upper I
94	Kau Wah Keng Upper II
95	Pump Fong Sheung Chuen I
96	Pump Fong Sheung Chuen II
97	Lower Hon Man Village
98	Ka Wai Man Village
99	Above Mt Davis Cottage Area
100	Behind Tung Wah Eastern Hospital
101	Mt. Davis Road
102	Pak Dai Nei (East and West) Village
103	Kai Tsui Village
104	Chuk Yuen United Village
105	Kam Kuk Village
106	Pai Min Kok Upper Village
107	Kin Yip Tsuen
108	Hok Tsui
109	Windy Gap
110	Tung Ah Pui
111	Shui Choi Tin
112	Sheung Yuen Leng
113	Nam Shan Village
114	Ho Kar Yuen
115	Ha Kwai Chung
116	Yue Shan Yuen
117	Butterfly Valley
118	Yan Kam Tau, Tsing Yi

Non-British and Commonwealth Qualifications in Civil Service Recruitment

17. MR JAMES TIEN asked (in Chinese): *The Secretary for the Civil Service has pointed out that reference to British and Commonwealth qualifications will not be mentioned in civil service recruitments in the future, and that a committee will be established to discuss the assessment of academic qualifications. In this connection, will the Government inform this Council of:*

- (a) *the estimated number of persons holding non-British and Commonwealth university degrees who will benefit every year as a result of this change; and*

- (b) *the criteria which the Government will adopt to assess the acceptability of degree programmes of non-British and Commonwealth universities for recruitment purposes; and how the applications of individual candidates will be appraised?*

SECRETARY FOR THE CIVIL SERVICE: Mr President, my reply to the two questions are as follows:

- (a) it is not possible to give any meaningful estimate of the number likely to benefit from our plans to widen recognition of degrees obtained from tertiary institutions in non-English speaking countries. I do not expect the number to be large, at least in the foreseeable future. We are after all talking about Hong Kong students. Given our substantial and steadily expanding tertiary sector, most choose to study here. By comparison, the number who have obtained qualifications or are currently studying abroad is small, and mostly relate to North America, Britain and other English-speaking countries. Very few have chosen to go to universities in non-English speaking countries. With the impending change in sovereignty and rising standards of tertiary education in the region, we can expect the number to grow. It is for this reason that we plan to strengthen the vetting for non-Hong Kong qualifications.
- (b) The second question relates closely to the first, because it asks about the criteria which will be used to assess non-Hong Kong qualifications for the purposes of civil service recruitment. These will to some extent govern the numbers likely to benefit from the revisions to our system. The tougher the criteria the fewer will benefit. And I have to say that the criteria will be tough. They are simply stated; namely, that the Civil Service Branch must be absolutely satisfied that the qualifications in question are at least as good as the comparable Hong Kong qualifications, for the purposes of recruitment to the Civil Service. If we are in any doubt, we will err on the side of caution. To help us in our examination, we will draw on the advice of the Hong Kong Council for Academic Accreditation who have information and sources of further information on courses run by non-Hong Kong institutions. Assessments will be made on a case-by-case basis, and will have regard for the standing of the institution in question and of the authority accrediting its degree programmes; the entry requirements to the course; and the content and duration of the course.

I should add, Mr President, that the entry qualification requirements are only the first step in the recruitment process. Eligible candidates must meet other requirements, including language requirements in many grades, and passing a selection interview.

Occupancy Rate of Hong Kong Industrial Technology Centre

18. DR HUANG CHEN-YA asked (in Chinese): *The Hong Kong Industrial Technology Centre was opened in August 1994, but the occupancy rate of the 80 offices available for leasing up to now is very low. In view of this, will the Government inform this Council:*

- (a) *how the Centre is going to attract more tenants to lease its offices;*
- (b) *of the current occupancy rate of offices of the Hong Kong Productivity Council (HKPC) which similarly has offices for leasing; and*
- (c) *whether there is a duplication in the provision of such leasing services by the Centre and the HKPC; if not, what is the difference between the services provided by these two organizations?*

SECRETARY FOR TRADE AND INDUSTRY: Mr President, the Hong Kong Industrial Technology Centre Corporation does not anticipate any difficulty in attracting sufficient tenants to fill the Centre. Since fitting-out was completed in November 1994, 74% of the leasable area (18 916 sq m) has been committed to tenants. A commercial letting agent is promoting the Centre to potential tenants through direct mailing, features and advertisements in newspapers and journals. Space in the incubator units is being offered at a 70% rebate for the first year, and attractive discounts for the following two years. Other space is being offered at competitive market prices.

As regards the Hong Kong Productivity Council, in February 1995, 83% of the leasable space (3 386 sq m) in the Council's building was let to tenants.

There is no duplication in the services provided by the Council and the Centre. Additional space was provided in the Council's building to provide room for future expansion of its services. Some of this space has already been taken up by the Council. The Council has let the space which is not required for the time being to a variety of companies in order to generate rental income. The Council does not provide special services to its tenants. In contrast, the Centre is intended specifically to nurture the growth of technology-based companies, which it does by providing a range of support services, including technology transfer and laboratory facilities.

Hong Kong-China Ferry Terminal

19. MR WONG WAI-YIN asked (in Chinese): *At present the Hong Kong - China Ferry Terminal at China Hong Kong City is heavily used, and because of staff shortage, frequent disruptions to the scheduled ferry services have arisen resulting in discontent among passengers. In view of this, will the Government inform this Council:*

- (a) *of the number of scheduled ferry services that have been delayed in the past year;*
- (b) *whether there is any plan to increase the number of staff so as to improve the present situation; if so, when the increase will be effected and what the number of additional staff will be; if not, why not; and*
- (c) *whether consideration will be given to the construction of new Hong Kong - China ferry terminals in other locations as a long term measure to ease the pressure at the China Hong Kong City terminal; if so, what the specific plans are; if not, why not?*

SECRETARY FOR TRANSPORT: Mr President,

- (a) In 1994, the berthing of about 27 000 vessels was delayed for more than five minutes at the Hong Kong-China Ferry Terminal, representing 36% of the total trips in that year. The delays were due to ferries arriving either earlier or later than was scheduled, and therefore missing their allotted berthing slots. This happened mostly during the peak morning and evening hours when the berths were fully occupied.

The situation is expected to improve in October this year, when three new berths for high speed ferries will be completed.

- (b) The Immigration Department will provide seven additional staff in 1995-96 to help speed up the processing of passengers at the ferry terminal. The Customs and Excise Department has adequate staff for the time being.
- (c) The existing Hong Kong-China Ferry Terminal is expected to reach capacity by 2001. An inter-departmental working group under the Planning Department is now identifying a suitable site for a new terminal, for completion before that date.

Hong Kong Academy for Performing Arts and Hong Kong Institute of Education

20. MR TIMOTHY HA asked (in Chinese): *As the Hong Kong Academy for Performing Arts and the Hong Kong Institute of Education now offer degree-level courses to local students, will the Government inform this Council whether:*

- (a) *it is aware of the present source of finances, arrangements for allocation of funds and monitoring mechanism in the two institutions; how do the relevant authorities monitor their operations;*
- (b) *there are any plans to put the two institutions under the aegis of the University Grants Committee; if so, what the details are and what the progress has been made so far; if not, why not; and*
- (c) *it is aware of the respective estimated and actual expenditures of the two institutions in each of the past three years, as well as their budgets for the next financial year?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr President,

- (a) The Hong Kong Academy for Performing Arts (HKAPA)'s major source of funding is Government subvention, which amounts to about 85% of its recurrent income each year. This is supplemented by tuition fees and bank interest. The Academy also receives rental and box office commission from hirers of its venues for the management and maintenance of venues and private donations for scholarships. The Academy maintains a five-year forecast which is annually updated to take into account the actual amount of subvention approved by the Government and the needs of the Academy. Each year, the Academy's internal Resource Allocation Committee will consider the proposed budgets of individual Schools/Departments and make recommendations to the Director on the priority of proposed developments. The estimates will then be submitted to the Council of the Academy, which is the governing and executive body for the Academy, for approval.

The Government monitors the Academy's operation through various means. Under the HKAPA Ordinance, the Academy is required to submit to the Government a programme of proposed activities and estimates of income and expenditure, the latter of which will be closely scrutinized by relevant government departments. Within six months after the end of each financial year, the Academy is required to submit to the Governor a report on the activities of the Academy and copies of financial statements and the

auditors' report. The documents will then be tabled at the Legislative Council meeting. In addition to the above, the Secretary for Recreation and Culture, by virtue of being a member of the HKAPA Council, monitors the financial matters of the Academy.

The Hong Kong Institute of Education (HKIEd) plans to launch its first degree course in 1997-98. Its major source of funding is Government subvention. Over 93% of the recurrent expenditure and all the capital expenditure of the Institute are funded by the Government. Other sources of income include tuition fees and interest from bank deposits. The HKIEd is required each year to prepare a programme of proposed activities for the following three years and based on that, the estimates of income and expenditure for the coming year and the forecasts for the subsequent two years. These documents are then submitted to the Secretary for Education and Manpower (SEM) who is the Vote Controller of the Institute for scrutiny and approval. To monitor the operation of the HKIEd, the Institute is required to submit to the SEM monthly financial statements. It is also required to carry out a mid-year review on its activities and financial situation and report to the SEM the results. The HKIEd is required, under its ordinance, to submit to the Governor a report on its activities and copies of the financial statements and the auditors' report not later than six months after the end of each financial year and such reports and statements will be tabled at the Legislative Council thereafter. The SEM is also represented at the Standing Committee under the Governing Council of the Institute and its subcommittees on staffing, estates and campus development in order to monitor the operation of the Institute.

- (b) There are no plans to bring the HKAPA under the aegis of the University Grants Committee (UGC). This is because the nature of the Academy is not so much an academic tertiary institution but rather, a special vocational training institution to train students for careers in the performing arts fields. As regards the HKIEd, the Administration has initiated discussions with the UGC and the Institute with a view to bringing the HKIEd under the aegis of the UGC. The precise arrangements and timing have yet to be worked out, but all parties concerned have agreed in principle to bringing the HKIEd into the UGC system as soon as practicable.
- (c) The estimated and actual recurrent and capital expenditure of the HKAPA in each of the past three years and the budget for the coming financial year are in the Annex. As for the HKIEd, it was established only in April 1994 and took over the operation of the Colleges of Education and the Institute of Language in Education on 1 September 1994. The estimated recurrent and capital expenditure for the Institute for 1994-95 and projected expenditure for 1995-96 are also in the Annex.

Annex

Estimated and Actual Recurrent and Capital
Expenditure of HKAPA in 1992-95
and Projected Expenditure in 1995-96

	Estimated expenditure \$m	Actual expenditure \$m
1992-93	99.4	103.1
1993-94	118.6	125.0
1994-95	138.8	146.4 (Revised estimate)
1995-96	155.3	

Estimated Recurrent and Capital
Expenditure for HKIED in 1994-96

	\$m
1994-95	339.7* (Revised estimate)
1995-96	1 073.2#

Note

* This amount includes, amongst other items, only seven months' expenditure for the salaries and on-cost of the campus staff.

This amount includes \$429.0 million for the campus development at Tai Po.

MOTIONS**PUBLIC FINANCE ORDINANCE**

THE SECRETARY FOR THE TREASURY moved the following motion:

"That -

1. Authority is hereby given for a sum not exceeding \$63,614,082,000 to be charged on the general revenue in advance of an Appropriation Ordinance for expenditure on the services of the Government in respect of the financial year commencing on 1 April 1995.
2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure, and expenditure for each such head shall be arranged in accordance with the subheads, shown in the draft Estimates of Expenditure 1995-96 or, where such estimates are changed under the provisions of the Public Finance Ordinance as applied by section 7(2) of that Ordinance, in accordance with such estimates as so changed.
3. Expenditure in respect of any head shall not exceed the aggregate of the amounts specified in respect of each subhead in that head, by reference to percentages, in section 4(a) and (b).
4. Expenditure in respect of each subhead in a head shall not exceed -
 - (a) in the case of a Recurrent Account subhead, an amount equivalent to -
 - (i) except where the subhead is listed in the Schedule hereto, 20% of the provision shown in respect of it in the draft Estimates;
 - (ii) where the subhead is listed in the Schedule hereto, that percentage of the provision shown in respect of it in the draft Estimates which is specified in relation to that subhead in the Schedule; and
 - (b) in the case of a Capital Account subhead, an amount in equivalent to 100% of the provision shown in respect of it in the draft Estimates,

or such other amount, not exceeding the provision shown in respect of the subhead in the draft Estimates, as may in any case be approved by the Financial Secretary."

SCHEDULE

[s.4]

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
22	Agriculture and Fisheries Department	452	Royal Society for the Prevention of Cruelty to Animals (Hong Kong)	25
		456	World Wide Fund for Nature (Hong Kong)	25
28	Civil Aviation Department	170	Airport insurance	100
31	Customs and Excise Department	292	Seizure management	40
40	Education Department	325	Direct Subsidy Scheme	30
		330	Assistance to private secondary schools and bought places	30
		350	Refund of rents and rates to kindergartens, private schools and study rooms	30
		489	Miscellaneous educational services	30
46	General Expenses of	013	Personal allowances the Civil Service	40
50	Government Land Transport Agency	225	Traffic accident victims assistance scheme - levies	100
60	Highways Department	273	Highways maintenance	30
61	Hospital Services Department	001	Salaries	70

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
62	Housing Department control	294	Clearance and squatter	25
76	Inland Revenue Department	149	General department expenses	25
189	Interest on tax reserve certificates			25
209	Special legal expenses			30
34	Internal Security: Miscellaneous Measures	195	Defence Costs Agreement: cash contribution	30
90	Labour Department Occupational Safety and Health Council	280	Contribution to the	25
295	Contribution to the Occupational Deafness Compensation Board			25
91	Lands Department land - ex gratia allowances	221	Clearance of Crown	50
92	Legal Department	234	Court costs	25
		243	Hire of legal services and related professional fees	25
106	Miscellaneous Services	253	Expenses of refugees not in Correctional Services institutions	28
120	Pensions	015	Public and judicial service pension benefits and compensation	30

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
		017	Surviving spouses' and children's pensions, widows' and orphans' pensions and increases	30
		021	Ex gratia pensions, awards, allowances and increases	50
		026	Employees' compensation	30
130	Printing Department	002	Allowances	25
160	Radio Television Hong Kong	102	Technical Services Agreement	25
163	Registration and Electoral Office	001	Salaries	30
		002	Allowances	30
170	Social Welfare Department	176	Criminal and law enforcement injuries compensation	25
177	Emergency relief			100
179	Comprehensive social security assistance scheme			25
180	Social security allowance scheme			25
184	Traffic accident victims assistance scheme			35
412	Refunds of rates			30
175	Standing Committee on Disciplined Services Salaries and Conditions of Service	149	General departmental expenses	30

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
176	Subventions: Miscellaneous	437	Hong Kong - Japan Business Co-operation Committee	25
446	Duty Lawyer Service			25
475	Outward Bound Trust of Hong Kong			25
487	Subventions for arts activities			35
502	Hong Kong Archaeological Society			30
503	Subventions to voluntary agency camps			25
521	Skills centres for the disabled			25
177	Subventions: Non- Departmental Public Bodies Council	429	Consumer Council	25
		441	Hong Kong Productivity	25
443	Hong Kong Tourist Association			25
444	Hong Kong Trade Development Council			25
520	Vocational Training Council			28
178	Technical Education and Industrial Training Department	001	Salaries	28
		002	Allowances	50

	<i>Head of Expenditure</i>		<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
188	Treasury	002	Allowances	30
163	Write-offs			50
187	Agents' commission and expenses			82
190	Other miscellaneous items			100
191	Payment to Cross-Harbour Tunnel Company Limited			100
192	Refunds of revenue			100
190	University Grants Committee	002	Allowances	25
149	General departmental expenses			55
169	Visitation			35
492	Grants to UGC-funded institutions			26
496	Refund of rates - UGC-funded institutions			25

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

The purpose of this motion is to seek funds on account to enable the Government to carry on existing services between the start of the financial year on 1 April 1995 and the enactment of the Appropriation Bill. This follows the procedure long established in this Council.

We have determined the funds on account sought under each subhead in accordance with paragraph four of the resolution, by reference to percentages of the provision shown in the draft Estimates. As the draft Estimates are changed from time to time, by the Finance Committee or under delegated powers, the provision to which the percentages are applied will also change.

Thus the provision on account under each head is not constant but may vary, with every increase being matched by an equal decrease. The initial provision on account under each head is shown in the footnote to this speech. The aggregate total under all heads is fixed at \$63,614,082,000 and cannot be exceeded without the approval of this Council.

The resolution also enables the Financial Secretary to vary the funds on account in respect of any subhead, provided that these variations do not cause an excess over the amount of provision entered for that subhead in the draft Estimates or an excess over the amount of funds on account for the head.

The Financial Secretary will issue a vote on account warrant to the Director of Accounting Services authorizing him to make payments up to the amount specified in this motion and in accordance with its conditions. The vote on account will be subsumed upon the enactment of the Appropriation Bill, and the general warrant issued after the enactment of the Appropriation Bill will replace the vote on account warrant and will be effective from 1 April 1995.

Mr President, I beg to move.

Question on the motion proposed, put and agreed to.

		<i>Footnote</i>	
<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
21	His Excellency the Governor's Establishment	30,080	6,016
22	Agriculture and Fisheries Department	472,123	108,199
25	Architectural Services Department	1,204,351	241,467
24	Audit Department	92,896	18,580
23	Auxiliary Medical Services.....	45,977	9,196
82	Buildings Department	290,705	65,821
26	Census and Statistics Department	359,768	72,802
27	Civil Aid Services.....	66,304	13,901

<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
28	Civil Aviation Department	529,346	128,960
43	Civil Engineering Department	613,110	134,622
30	Correctional Services Department	1,973,195	407,579
31	Customs and Excise Department	1,057,759	228,891
37	Department of Health.....	2,184,485	476,010
39	Drainage Services Department.....	750,913	158,425
40	Education Department	16,691,592	3,761,246
42	Electrical and Mechanical Services Department.....	1,061,742	277,150
44	Environmental Protection Department.....	1,674,465	456,137
45	Fire Services Department.....	1,891,594	453,741
46	General Expenses of the Civil Service.....	3,989,075	897,442
166	Government Flying Service	128,066	44,906
48	Government Laboratory	142,593	42,721
50	Government Land Transport Agency.....	143,339	106,719
51	Government Property Agency.....	1,741,768	350,154
143	Government Secretariat: Civil Service Branch	124,547	25,111
29	Government Secretariat: Civil Service Training Centre	97,955	21,191
144	Government Secretariat: Constitutional Affairs Branch.....	22,198	4,440

<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
145	Government Secretariat: Economic Services Branch.....	45,071	11,640
146	Government Secretariat: Education and Manpower Branch	38,938	7,788
147	Government Secretariat: Finance Branch	83,364	16,843
148	Government Secretariat: Financial Services Branch.....	103,189	31,721
149	Government Secretariat: Health and Welfare Branch.....	34,241	6,849
53	Government Secretariat: Home Affairs Branch	56,877	11,376
150	Government Secretariat: Housing Branch.....	14,540	2,908
142	Government Secretariat: Offices of the Chief Secretary, the Financial Secretary and the Political Adviser	255,885	53,895
96	Government Secretariat: Overseas Offices	199,509	49,404
56	Government Secretariat: Planning, Environment and Lands Branch and Works Branch	264,943	67,779
55	Government Secretariat: Recreation and Culture Branch	98,708	29,044
151	Government Secretariat: Security Branch.....	115,728	40,471
152	Government Secretariat: Trade and Industry Branch	42,671	8,535

<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
153	Government Secretariat: Transport Branch.....	32,404	6,481
58	Government Supplies Department	144,138	28,828
60	Highways Department	1,240,098	311,931
63	Home Affairs Department.....	690,151	153,972
61	Hospital Services Department.....	58,556	40,180
62	Housing Department	476,067	119,017
70	Immigration Department.....	1,501,185	301,671
72	Independent Commission Against Corruption	449,716	101,531
121	Independent Police Complaints Council	7,624	1,525
73	Industry Department	380,133	304,045
74	Information Services Department	219,845	56,962
47	Information Technology Services Department.....	360,915	72,229
76	Inland Revenue Department.....	861,259	177,274
78	Intellectual Property Department	50,880	10,176
34	Internal Security: Miscellaneous Measures.....	1,052,215	317,971
80	Judiciary.....	640,733	135,142
90	Labour Department	410,795	83,995
91	Lands Department.....	1,071,726	255,219

<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
94	Legal Aid Department	408,037	81,608
92	Legal Department	632,438	139,321
112	Legislative Council Commission	228,401	56,120
98	Management Services Agency	61,958	31,352
100	Marine Department	770,790	245,562
106	Miscellaneous Services	8,542,352	1,975,863
114	Office of the Commissioner for Administrative Complaints	19,836	3,968
113	Office of the Telecommunications Authority	96,077	24,821
116	Official Receiver's Office	77,394	15,967
120	Pensions	6,903,732	2,006,747
118	Planning Department	269,666	87,764
122	Police: Royal Hong Kong Police Force	9,029,425	1,881,849
126	Post Office	2,501,919	504,437
130	Printing Department	193,353	40,038
136	Public Service Commission	14,532	2,907
160	Radio Television Hong Kong	373,507	92,070
162	Rating and Valuation Department	198,740	39,748
163	Registration and Electoral Office	206,692	51,226

<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
167	Royal Hong Kong Regiment (The Volunteers)	26,260	5,252
168	Royal Observatory	142,916	32,831
170	Social Welfare Department	11,393,247	2,666,934
174	Standing Commission on Civil Service Salaries and Conditions of Service	9,970	1,994
175	Standing Committee on Disciplined Services Salaries and Conditions of Service	4,923	1,011
173	Student Financial Assistance Agency	1,275,653	256,331
176	Subventions: Miscellaneous.....	252,922	80,198
177	Subventions: Non-Departmental Public Bodies	20,545,860	4,607,559
178	Technical Education and Industrial Training Department.....	763	215
180	Television and Entertainment Licensing Authority	43,524	9,201
110	Territory Development Department	161,819	32,364
181	Trade Department	212,849	43,684
186	Transport Department	501,296	127,522
188	Treasury	281,131	82,507
190	Universities Grants Committee.....	8,842,783	2,304,529
194	Water Supplies Department	3,530,136	717,753
		126,186,951	29,579,082

<i>Head of Expenditure</i>		<i>Amount shown in the draft Estimates \$'000</i>	<i>Initial amount of provision on account \$'000</i>
184	Transfers to Funds	34,035,000	34,035,000
	Total	<u>160,221,951</u>	<u>63,614,082</u>

RETIREMENT PROTECTION

PRESIDENT: I have accepted the recommendations of the House Committee as to the time limits on speeches for this motion and the two Private Member's motions to be debated later today and Members were informed by circular on 2 March. The movers of the two Private Member's motions will have 15 minutes for their speeches including their replies and another five minutes to reply to proposed amendments. Other Members, including movers of amendments, will have seven minutes for their speeches. Under Standing Order 27A, I am required to direct any Member speaking in excess of the specified time to discontinue his speech.

THE SECRETARY FOR EDUCATION AND MANPOWER moved the following motion:

"That this Council urges Government to introduce as expeditiously as possible a mandatory, privately managed occupational retirement protection system with provision for the preservation and portability of benefits."

He said: Mr President, I move the motion against my name in the Order Paper.

Over the past 30 years, much has been said, both inside and outside this Council, about the best way to provide financial security for our elderly people. I do not think that there is anyone who would deny that the elderly in our community, who have contributed and continue to contribute so much to our economic well-being and prosperity, deserve to be able to live in dignity and financial security during their retirement years. Yet, the best way of reaching that goal always appears to have eluded us.

There are currently some 460 000 people over the age of 65. This number will rise to about one million by the year 2016. Although Hong Kong has a high average savings rate and most of our citizens have been able to support themselves in retirement until now, we cannot assume that this will always be so. Nor should we simply continue to rely upon traditional patterns

of family support. Prudence dictates that we take precautionary measures. We cannot afford further delay. The time for action is now.

It is an inescapable fact that the Government alone cannot solve the financial needs of our elderly population, unless we are to put an intolerable burden on our taxpayers. We need to involve the working population and employers as well. Let me go back in time to examine what we have tried to achieve in the area of providing income security for the elderly over the last three years.

Retirement protection system

Most Members will recall that in October 1992 we released a Consultation Paper entitled "A Community-wide Retirement Protection System". This proposed the introduction of a mandatory contributory retirement system for all employees under the age of 65 in full-time employment. The proposed scheme found support within the community. The main areas of concern included the absence of a guaranteed mechanism within the system to deal with benefit losses arising from fraud, theft or poor investment management, and the fact that the system did not help those outside the workforce.

Old Age Pension Scheme

We took heed of those points, in particular the apparent concern about the absence of coverage for those elderly people outside the workforce or who have already retired. In December 1993, as Members will recall, we announced in this Council that we would implement the Old Age Pension Scheme (OPS) subject, among other things, to endorsement by the community of our proposals. In July last year, we released our second consultation document, entitled "An Old Age Pension Scheme for Hong Kong". The OPS would have given all eligible elderly persons a monthly pension of \$2,300, and would have been funded by a modest contribution from employers and employees, and an affordable level of financial input from the Government.

When the OPS consultation period ended on 31 October last year, we had received a total of 6 665 written submissions. Although this was an encouraging response in numerical terms, as we assessed the views expressed in those submissions, it became clear to us that public opinion on the OPS was, at best, divided. Nor was there any support for the OPS in this Council. Members will recall that at the motion debate on the OPS on 9 November 1994 to debate the motion "That this Council is of the opinion that the Government has to assume greater financial responsibility for the Old Age Pension Scheme and, at the same time, should attach due importance to the views expressed by the public during the consultation period in order to refine the Scheme and take positive steps to improve the existing welfare system for the elderly", only one Member of this Council spoke firmly in support of the OPS as presented by the Government. May I remind Members that the vote in favour of an amended motion which called upon the Government to seriously consider views expressed by the public

on various retirement schemes, including the OPS, was passed by a majority of 28 votes to three.

We had to face the reality. We had sought public endorsement of the OPS, but public views were divided. There was little support for the OPS in the news media, nor indeed in this Council. There was clearly no consensus for the scheme in Hong Kong, and we shall not return to it. We have to decide where to go next.

It would have been quite inappropriate to try, as some have suggested, and put the OPS to this Council in any case. To proceed along the OPS route meant that we needed the clear support of the community, this Council and the Chinese side. We cannot ignore the fact that we need both legislation and the agreement of the Chinese Government for any retirement scheme that goes beyond 1997.

There have been suggestions that in the light of the rejection of the 1992 consultation paper, "A Community-wide Retirement Protection System", and the divided views on the OPS, the Government should maintain the status quo and continue to encourage the establishment of occupational retirement schemes on a voluntary basis. At present, about one third of our workforce of 2.8 million is covered by some form of retirement scheme. If we simply maintain the present system, it has to be realized that, while the number of employees covered by such voluntary schemes will continue to grow gradually, there will still be many employees, particularly in smaller businesses, who will be without retirement protection for the foreseeable future. Indeed it would be unrealistic ever to expect the entire workforce to be covered under a voluntary system.

Mandatory privately managed provident fund

Submissions on the OPS indicated that there was now likely to be more public acceptance of a mandatory, privately managed provident fund system, particularly if it could be set up by 1997. Over the last few weeks, my colleagues have been seeking the views of community leaders on what is now the only remaining alternative for retirement protection. After nearly 30 meetings with Members of this Council, both individually and in groups, with trade union leaders and representatives of the business community, we have gained the impression that the introduction of what we call a mandatory, privately managed provident fund system, or the MPF for short, would be regarded as a practical way forward to help our hard-working labour force to look after themselves better in their retirement years.

Let me now describe the key features of the MPF as we see it at this point in time. The proposed MPF should include the following main features:

- (1) it would be mandatory for every employer to establish a retirement scheme for his employees under the age of 65;

- (2) it would be a joint contribution scheme by both employees and employers;
- (3) there would be a statutory minimum contribution of which the employer should pay half;
- (4) there would be a minimum salary level below which an employee might elect not to participate in the scheme;
- (5) there would be a maximum salary level above which statutory contributions would not be required;
- (6) there will be a requirement for preservation and portability of benefits until an employee reaches retirement age, except in specified circumstances such as death, total disability or permanent departure from Hong Kong;
- (7) there be an enhancement of regulatory controls over the operation of registered occupational retirement schemes and the prudential supervision of scheme administrators and pooled retirement schemes;
- (8) a system will be developed to deal with benefit losses due to fraud or misfeasance of scheme administrators; and
- (9) a residual pool scheme will be developed to provide coverage for those employers unable to find a scheme provided in the open market.

Let me now elaborate on some of the features I have just mentioned. First of all, the system that would be developed within the MPF to deal with benefit losses. Some groups and individuals have expressed concern about what may happen if one of the constituent schemes of the MPF goes bankrupt. I should emphasize first of all that the Occupational Retirement Schemes Ordinance, which governs the operation of voluntary retirement schemes, already requires all such schemes to be funded properly; for the assets of a retirement scheme to be maintained separately from those of the employer and to be used only for the purposes of the scheme; for the financial position of a retirement scheme to be subject to the annual scrutiny of an independent auditor; and for employees to have the right to seek information about their schemes. Moreover, retirement funds held under trust are afforded protection in that all assets belong to the trustees and not to the fund manager, and therefore would be recovered in the event of a fund manager going bankrupt.

Nevertheless, we do recognize the fact that, in a situation where contributions are mandatory, we should strengthen the regulation of fund managers and our system of prudential provision. This we will do. Our role is to minimize risk due to fraud and theft, and ensure prudential supervision and

regulation. Within the MPF, a system will be developed in collaboration with the insurance and fund management industries to compensate for losses brought about by unlawful activity. Such a system could take the form of a retrospective levy, or a compensation fund, or some other means. I look forward to the support and close co-operation of the industries in this respect.

While on the subject of losses and guarantees, I must stress at this point that the Government will not consider under any circumstances providing what would be in effect a taxpayers' guarantee against investment losses. To ask taxpayers to be liable for bad investment decisions made either by contributors in their selection of schemes or by fund managers or investment consultants in the public sector would be foolhardy. It will serve only to encourage aggressive or unscrupulous fund management which is what we are seeking to avoid. However, we will be examining how best to minimize the risk of investment loss, for instance by prohibiting over-concentration of risks, introducing stricter control of trustees, improving supervision of life insurance companies and requiring adequate capital ratios, ring-fenced assets and transparency of operation.

Minimum salary level

Secondly, the minimal salary level. This recognizes that for some of those earning below a minimum level, which could be set at, say, about \$4,000 a month, the contribution might cause financial hardship. We shall allow such employees

At this point, a banner was put up in the public gallery.

PRESIDENT: Clear the gallery. Clear the gallery.

SECRETARY FOR EDUCATION AND MANPOWER: We shall allow such employees to elect whether or not they wish to contribute to their employer's scheme. If they elect to contribute, though, then the employer must also pay his share of the contribution. This is an important point. Lowly paid employees will have a choice in the way they handle their own financial affairs.

The MPF will be open to all employees, so it is not correct to say, as some critics have said, that it will not take care of those at the lower end of the economic ladder. The MPF will provide a degree of income security upon retirement, even to those employees who might not expect to participate in a voluntary occupational retirement scheme in the near future. For every dollar an employee puts into the MPF, there will be a corresponding dollar from his employer. It will also allow them to participate in an investment scheme where their contributions will be pooled together to yield a better return — an

opportunity which otherwise might not have been open to them. When we move on to the consultancy, we shall also consider the needs of the self-employed, and whether they should take part in the MPF.

Residual pool scheme

We expect the majority of employers to be able to find a retirement scheme provider in the private sector, but we realize there are going to be some who, for one reason or another, are unable to do so. This will be particularly relevant to smaller businesses, or those with employees on low incomes. We are also conscious in this respect of the points made by the insurance and fund management industries that the administrative cost of managing small contributions will be disproportionately large and might eat into the capital. To ensure that all employers are able to comply with the law, there will be a residual pool scheme which will provide coverage for their employees. Such a scheme would still be run on commercial principles. Let me remind Members that the residual pool scheme is not the same as a central provident fund, about which I shall be speaking later. It is simply an alternative means of providing retirement protection essentially for those who are not able to find it in the open market. It is one of a number of points which we shall discuss in greater detail with our consultants. In addition, as Members will know, many employers offer a choice of retirement schemes to provide for the varying needs of their employees. We would want this option of choice to remain and continue.

Benefit level

Let me now deal with some particular points which appear to be giving rise to concern and confusion. Some have called for a minimum benefit level to be provided under the MPF, or for a pension to be provided for those who have not saved enough under the system. While we appreciate that there will be those who may not have been able to accrue what they perceive to be an adequate amount on which to retire, the MPF, like other similar systems, would operate on the strict principle of beneficiaries receiving what the retirement protection scheme has produced in the way of investment return. Those in genuine financial need would still be able to apply for existing welfare benefits for the elderly, subject to eligibility.

Relationship with long service and severance payments

I shall now turn to the question of how the MPF will relate to the provision for long service payments and severance payments under the Employment Ordinance. At present, the employer's contributions to a retirement scheme may be set off against any amount he has paid out for severance payments or long service payments. Employers do not pay twice. Severance payments and long service payments are not designed as

supplementary retirement schemes. They are intended to be alternatives to these retirement schemes. That is why the offsetting provisions exist under the present voluntary system of occupational retirement schemes. We do not intend to change it under the MPF, although we will need to consider very carefully the effect of the MPF on both schemes.

Preservation and portability

The basic aim of a retirement system must be to ensure that an employee accrues enough benefits by the end of his working life to allow him to enjoy an element of financial security in his retirement years. For this to happen, the benefits must be kept intact until the end of his working life, not paid out upon change of job. This is a principle of benefit preservation. Upon change of job, the accumulative balance will be transferred from the scheme of the former employer to that of the new employer. This process will be repeated each time the employee changes job. The retirement benefit payment will be made by the scheme of the last employer prior to retirement. The question of portability and how to make it work as smoothly as possible to the benefit of scheme contributors, is one that will be examined very carefully by our consultants.

Central provident fund

Finally, let me turn to the perennial call for us to establish a central provident fund (CPF). Our view on this remains unchanged. It is not an option for Hong Kong. It offers no freedom of choice, tends to produce low returns on investment, and will result in an over-concentration of funds under one authority. We hold the same view in respect of a CPF on its own, and a CPF put together in an uneasy partnership with any other form of retirement protection.

Those Members who are proposing a Hong Kong Central Provident Fund Bill must know that we will not support it. A CPF cannot work without government funding, and this most definitely will not be forthcoming.

Conclusion

Mr President, I believe that the mandatory, privately managed provident fund system is not only the most acceptable way of providing retirement protection for our elderly people, it is also the only way left. It is abundantly clear that there is no mandate to proceed with the OPS. It took us seven months to design the OPS, a further three and a half months for the consultation period, and yet a further three months to assess the results of the exercise. The door to the OPS will not be reopened. We cannot go on devising new schemes. Without clear support for the MPF, we will not proceed. I call upon Members of this Council today to give us the clear support we need to move on to the next

stage of the MPF consultation process, which is to appoint a consultant to advise us on the details of the system. Thereafter we will discuss the MPF in the Sino-British Joint Liaison Group. We hope to put primary legislation on the MPF to this Council before the end of this current Session, and our eventual aim is to have the MPF in place as quickly as possible.

Mr President, I beg to move.

MR ANDREW WONG: A point of elucidation.

PRESIDENT: Yes, Mr WONG.

MR ANDREW WONG (in Cantonese): The Secretary for Education and Manpower said just now that in 9 November 1994's debate, only one Member strongly supported the motion on what I termed "the Old Age Subsistence Scheme". May I ask whom the Secretary was referring to? Having checked against relevant Hansard records, I found quite a number of Members (whose names I find it inappropriate to pronounce here) did vote against the amendment motion put forward by Mr James TIEN, which called on the Administration to consider different kinds of retirement protection schemes. However, as far as I am aware, the Chief Secretary, the Attorney General and the Financial Secretary merely abstained. Of the speeches delivered, at least mine was strongly in support of the "Old Age Subsistence Scheme". The "Scheme" was not "slain" even after Mr TAM Yiu-chung's motion was amended by Mr James TIEN, since the majority of the Members then chose to abstain. But evidently, at least three Members strongly supported the motion and opposed the amendment put forward by Mr TIEN, namely Mr PANG Chun-hoi, Mr TAM Yiu-chung and Mr Jimmy McGREGOR. May I ask the Secretary for Education and Manpower to clarify who was the Member he clearly recalled as the only Member supporting the motion, while the remaining 59 Members were not in support of it?

PRESIDENT: Under Standing Orders, it is entirely up to you whether you wish to elucidate or not, Secretary.

SECRETARY FOR EDUCATION AND MANPOWER: No, Mr President.

Question on the motion proposed.

PRESIDENT: Mr Jimmy McGREGOR has given notice to move an amendment to the motion. His amendment has been printed in the Order Paper and

circulated to Members. I propose to call on him to speak and to move his amendment now so that Members may debate the motion and the amendment together.

MR JIMMY McGREGOR moved the following amendment to the Secretary for Education and Manpower's motion:

"To insert "in combination with a substantial increase in the rates of payment under the Normal Old Age Allowance, the Higher Old Age Allowance, and the Comprehensive Social Security Assistance schemes which presently cover over 500 000 Hong Kong citizens aged 65 and above" after "benefits"."

MR JIMMY McGREGOR: Mr President, I move that the Secretary for Education and Manpower's motion be amended as set out in the Order Paper. It will be quite evident to what purpose I have amended the government motion. In doing so, I have the full support of the Hong Kong Democratic Foundation. I may not have the support of all the members of the Hong Kong General Chamber of Commerce.

The proposed mandatory private sector provident fund scheme cannot stand alone. It cannot by itself represent a serious attempt by the Government to provide a realistic alternative to the Old Age Pension Scheme (OPS) so abruptly abandoned by the Government after a mockery of consultation with Hong Kong's mostly unrepresented public.

I have argued for a government administered OPS for nearly 10 years and in this Council for seven. My predecessor, Mr Tom CLYDESDALE, asked for the same consideration in 1987 in this Council. The Hong Kong General Chamber of Commerce supported this initiative for several years until perhaps it came too close to reality for comfort.

Why did the Government dump the OPS with such haste? Why did the Government dump over half a million aged Hong Kong people now given a paltry average \$500 a month after promising them an old age pension of \$2,300 a month to take effect very soon? Was the Government so terrified of the business sector and so anxious about China that the legitimate and reasonable aspirations of over half a million people could be set aside without a fight? Is the sweat and labour of these people during the last 50 years which contributed, on admission, so much to the prosperity of Hong Kong to be disregarded? Was the Government so chicken-hearted that social justice had to give way to economic expediency?

Did China say no? Certainly Chinese officials in contact with the business sector said "No". But did LU Ping say "No"? Did LI Peng say "No"? What kind of survey was carried out to determine public opinion on this vital issue? It was, in my view, a complete nonsense, a travesty and a disgrace, rivalling

another public opinion survey by the Government in 1987. Do any of you remember?

I can tell the Government that at least 600 000 people were in favour of the OPS. They would have been the first old age pensioners. The majority of them have now been dumped like so much garbage. I can also say that the workers and the people represented by the Democratic Alliance for the Betterment of Hong Kong and Association for Democracy and People's Livelihood, perhaps hundreds of thousands of union members, were in favour of the OPS. The Democratic Party agreed with it in principle. The puny response to the Government's touted survey ensured that business organizations and their members would be well represented because they are organized whilst the 600 000 aged people would not respond since they are not organized nor adequately represented.

This, in my view, was a pathetic charade. The Chinese response was also sad and ill-informed. The business response was predictable, organized, well funded and, in my view, disgraceful in a territory as rich as Hong Kong with the kind of distribution of wealth that has failed consistently to provide adequately for our aged. The business sector has consistently killed any possibility that may have existed for a central provident fund during the last 25 years. The Democratic Party ought to understand that situation and concentrate on reality. I appeal to them to do so now.

The business sector rejected a mandatory private sector provident fund scheme in 1992 for apparently good reasons. The business sector, I would say, single-handedly brought down the Old Age Pension Scheme in the face, in my view, of a craven government and a paralysed legislature. As the Governor admitted, the Government has done two "U" turns in the last three years to make one full circle and back to the beginning. Now we are back to a scheme rejected in 1992, this time, however, with business support and assurances. We are advised that a review is being done on the Comprehensive Social Security Assistance (CSSA) to be completed by the end of this year. Three cheers for a caring government, solicitous business organizations and befuddled legislators. Business will be happy looking after the billions of dollars arising every year from the 10% payroll contributions. The Government will claim a great victory in solving at last the problem of retirement protection for all workers. They will also trumpet government generosity in increasing the CSSA allowances in due course.

And the 500 000 recipients of the present old age allowances will remain as they are — out in the cold — with annual inflation related increases to their monthly pittances.

That is the motivation for my amendment. Those were the mothers and fathers of long ago who are now financially abandoned by the Government, by business, and possibly, today, by this Council. I ask Councillors to look to their consciences. Ask yourself if it is not obscene that the Government shall build up

reserves of over \$150 billion and total cash assets of nearly \$400 billions to hand over to the Special Administrative Region authority when a very small part of these riches could provide all our elderly, except those who have no need of it, with the comfort and dignity of \$2,300 a month. Are we a community of such greed and selfishness that our aged citizens are again to be denied? The Government has issued figures to show the cost of my amendment. They have also admitted that the new airport in three years time will become an income earner of enormous proportions, easily able to provide for the cost of a substantial increase in the old age allowances. Corporate tax and personal tax will not, in my view, have to be increased as a result of the increase of allowances. These are scare tactics. The Government should be ashamed of it.

If the government motion is approved, with or without amendment, that will make further discussion on an OPS meaningless. My amendment in that light becomes very important to the great majority of aged people and those who will reach 65 in the coming years.

Councillors, I ask you, if you have any regard for our elderly, please vote with me for my amendment.

Thank you, Mr President.

Question on the amendment proposed.

SECRETARY FOR HEALTH AND WELFARE: Mr President, the decision of my colleague, the Secretary for Education and Manpower, to confine the scope of his motion to retirement protection alone was a carefully considered one. The Administration wishes this Council to have the opportunity to express its view on this important issue without being distracted into a debate about the appropriate level of social security payments and allowances for the elderly. Indeed, the Council will have the opportunity to express its views on the latter subject when it discusses the motion to be moved by Dr YEUNG Sum later today.

Apart from this, we also find the substance of the amendment unacceptable, mainly because of the significant financial implications involved, especially in the case of payments under the Old Age Allowance Scheme. As at December 1994 approximately 420 000 persons were receiving this allowance. The 133 000 between the ages of 65 and 69 receiving the normal allowance in 1994-95 were paid \$485 per month, subject only to a declaration that their income and assets were below a certain level. Approximately 287 000 aged 70 years and over were paid the higher allowance of \$550 per month and were not even subject to an income declaration. We estimate that 73% of eligible persons in Hong Kong at 65 years of age or above claimed the allowance in 1994-95.

The allowance is not granted in recognition of any assessed financial need. That is why it has remained relatively modest but, because of the large numbers receiving it, it is costly to fund. The full year cost for 1994-95 even at these levels will be nearly \$2.5 billion. This is more than the \$2.2 billion which we shall have spent in that year on Comprehensive Social Security Assistance (CSSA) payments for those over 60 years of age who are in need and thus receiving CSSA.

We must be careful not to confuse welfare payments and retirement protection. I believe there is a widely-held view that welfare support for elderly persons in need should be increased, but I do not believe that there is wide support for the taxpayer to contribute more to the elderly regardless of the financial or other needs of the elderly persons concerned.

To provide retirement protection for all over the age of 65 by raising old age allowance, for example, to the \$2,300 per month level, would place an intolerable burden on the taxpayer. Assuming that the take-up rate of the allowance, if significantly increased as proposed, would rise to 85%, it would require nearly \$10 billion of additional recurrent expenditure in 1995-96 alone. Let me just repeat. Over \$10 billion of recurrent expenditure, and we estimate that this would rise to \$15.6 billion of recurrent expenditure in 1999-2000. The additional expenditure involved over this five-year period would be as much as \$55 billion. This enormous burden would not result in funds being channelled to the needy, but rather indiscriminately to all at or above 65 years of age, whether rich or poor. We do not believe that the community would support such a move.

Those who will benefit from retirement protection should, together with their employers, be obliged to contribute if they can afford to do so. This reduces or eliminates the burden on the general taxpayer. This is a vitally important consideration when we have an ageing population in which the number of elderly beneficiaries per salaried taxpayer is expected to continue to grow.

As for any increase in the CSSA payments themselves, Members know already that we are conducting a review of the CSSA system and payment rates at the moment. This is too important an exercise to allow figures simply to be snatched out of the air. The new rates for the single elderly to come into effect in April will mark a 26% increase in real terms over and above inflation, compared with the level being paid only three years previously. From next month, the average monthly payment to a single elderly person would be about \$2,700. It cannot be said that we have been neglecting these payments. Before we consider increasing them any further, we must take stock of the whole system and ensure needs are being met appropriately and the relative needs of all categories including, for example, young children, the disabled, the single parents and the elderly, are all being properly addressed. We must await the outcome of this review in early 1996 before proposing any changes.

I can assure Members that this is not simply a delaying tactic on our part. Although the results of the review will become available late in the preparations for the 1996-97 Budget, we shall do all we can to ensure funding is made available to start to implement the changes recommended in that financial year. The Financial Secretary has agreed that some funds should be reserved for this purpose in advance of the conclusion of the review.

Mr President, the Administration recognizes the spirit behind Mr McGREGOR's amendment. We too sincerely wish to do all we can to help the elderly, but the Administration must have regard to what the taxpayer can afford and the implications of any proposal on the financial and economic well-being of Hong Kong. We believe that retirement protection and welfare support for the needy are essentially different issues which are better dealt with separately. We therefore oppose this amendment. In doing so, we are also conscious of the important objective of giving Members an opportunity to vote on a clear motion on the mandatory, privately managed provident fund system, which we consider merits Members' support as a means of providing retirement protection for our elderly citizens.

MR MICHAEL HO (in Cantonese): Mr President, I move, under Standing Order 30(1), to adjourn with immediate effect the debate on the motion of mandatory provident fund as put forward by the Administration. This is because at a time when the Legislative Council is being asked to indicate whether we will support the Administration's stance in introducing a universal mandatory privately-run provident fund (MPF), the Administration has, as far as I am aware, withheld certain information from Members.

Colleagues have complained that the Administration is providing scanty information to Members. I believe we are all aware that a consultant's report, the *Wyatt Report*, was submitted to the Administration in November 1993. The report was the result of a study concerning a universal retirement protection scheme proposal in 1992, and it covered subjects like financial investment risks, assesment of the level of pension payouts, systems adopted in major countries and so on. Such would in fact be useful information to Members for today's debate on MPF. We should study the information before we come up with a decision on whether or not MPF should be implemented.

While I was lobbying colleagues to support my motion, a colleague told me he had received a letter from the Administration setting out the Administration's case which he found convincing. First of all, I have to congratulate Ms Jacqueline Ann Willis for having written such a superb letter. I have to take issue with the first point of the letter, which merely pleaded for Members' support — the Member I mentioned a minute ago has just left the Chamber and I hope he is watching the television. I hope we will have access to relevant information before we pledge our support, rather than just supporting it outright. The letter also said that if the debate were aborted today, then it would be hard for the Administration to come up with the relevant Bill before

the end of this legislative session. Now, if my motion got carried today, how long would the debate be put off then? No more than a few weeks. A few weeks' delay would not render the Administration running out of time to do their work, would it? If the Administration really wanted to do it, elementary studies and preliminary work could start right now — I mean why not? Is it the case that the Administration did nothing at all before the motion was moved today? I do not think so. Would relevant studies begin only after the motion is passed by this Council? I think that would be unacceptable.

The letter also mentioned that the subject matter of the *Wyatt Report* was then universal retirement protection scheme instead of the MPF under discussion today. That is true. But may I remind Members of a major common point of the two schemes, that is, both are private-run, private-funded provident schemes. The MPF under discussion today resembles very much the universal retirement protection scheme advocated by the Administration in 1992, both in terms of investment mode and investment returns; therefore, the information contained in the *Wyatt Report* such as investment risks, financial arrangements and assessment of the level of pension payouts, is of great relevance to the MPF being considered today. But the Administration has all long been arguing that it is not relevant. In the same letter, the Education and Manpower Branch said that the basis of the proposals put forward by the *Wyatt Report* was one relating to the financial conditions, market conditions and the interest rates of that time. But I have to remind Members again that interest rates and market conditions change virtually every day. How would it be the case then that the information contained in a report published just two years ago, such as the interest rates and market conditions of that time, would have lost all of its value and become totally irrelevant today? By looking back at the interest rates and the market conditions in 1992, we might learn how investment returns change under circumstances when interest rates are on the rise and market conditions deteriorate. These are in fact all predictable, wherein lies the value of reference. Even if a consultant's report is to be drafted today with the current interest rates and market conditions as its basis, it would also have to make projections as to the effects on investment returns when the interest rates and the market conditions fluctuate. Now given all this, how could it be that the report would have become entirely valueless today? I hope colleagues will not be misled by the argument of the Administration and turn to accept their proposal. I believe it is rather improbable that Members would be convinced by such a letter and by such reasoning.

I received yet another letter from the Education and Manpower Branch yesterday, in which it was said that the MPF was quite another thing from the universal retirement protection scheme advocated in the past. For this reason, as pointed out in the letter sent to me by Ms Jacqueline Ann Wills, the release of such information would be rather misleading in effect. Now I hope the Administration will place their trust in Members' intelligence and release the information to us. We cannot fail to understand the content of the report, can we? Would Members be misled, as the Administration has suggested, simply

because a report published two years ago was intended for something else? That is out of the question!

Let us look back at the report. I believe many Members have seen this report, but I am sure that all 59 Members of this Council, or, excluding the three *ex officio* Members, that is, the rest of 56 Members, did not read it through. Now since we are all aware that there is information right there, why do we not ask for its release? If we do proceed with today's debate, then we will have to decide on whether we will support the Administration's proposal. Then why do Members not ask for this information and spend one or two more weeks to study it before coming to a final decision? If we were not aware of the existence of such information, well then, we would not have anything to say in the first place. But since we all know that there is such information, we should ask for it! Our decision on whether MPF be supported should not be made hastily. Let me remind Members once more: that what we are deciding today is the MPF, a scheme that all citizens of Hong Kong will have to participate in, and a scheme under which they will be forced to save and to invest. This will be a decision the result of which will be the general participation of the Hong Kong citizens. If we are to decide on a "game" which every Hong Kong citizen will have to participate in, then why do we not try to get more information?

It is said that my motion will hold up the entire process. But if we think that it would mean no more than one or two weeks' delay, then why not go ahead with my motion? In fact, we may ask the Administration to continue with their work after the meeting is adjourned today. During my lobbying, a colleague said to me, "Take it easy, let's have the motion passed and amend the Bill when it comes up." But if we pass the motion today and amend or even vote against the Bill only when the latter comes before us, then would it not waste more of the Administration's time and resources? A little more time spent during the very preliminary stage to sort out the matter may perhaps enable us to tell the Administration not to introduce the scheme. Two weeks' time would be all we need to spend compared with the extra months of efforts and huge wastage of time and manpower resources which voting against a lacunae-ridden Bill might otherwise entail. These manpower resources would in fact be enough for the Education and Manpower Branch to accomplish much in other areas as far as education and manpower co-ordination is concerned.

I hope to make it clear that my move would only put the process off for a mere two to three weeks at most. If after the information is released and studied, Members remain unwavering, then they can still support the Administration's motion when it comes before this Council again! I will raise no motion to seek to postpone it again. During my lobbying, many Members indicated that they would make their decision only after having listened to my speech together with the Administration's response. I really hope that Members will consider it thoroughly. Even if delay should be inevitable, that would be for no more than two to three week. If the Administration is to embark on basic, preliminary studies, it can still get on with it, and such work will by no means be hampered. I plead for Member's careful consideration, and I also

hope that those Members who are prepared to abstain from voting will consider it again.

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

PRESIDENT: Standing Order 30 provides for a Member to propose without notice the adjournment of a debate. If the motion is negatived, the debate on the motion will continue. If, however, the motion is carried, the debate on the question shall stand adjourned.

Question on the motion to adjourn proposed.

PRESIDENT: Under Standing Order 28(4), a Member who has already spoken may speak again on a motion that the debate be adjourned.

MRS ELSIE TU: Mr President, those who are attempting to delay this motion may be making political capital at the expense of workers. If they succeed in further delaying action, the likelihood is that the argument will continue for years and may never be settled. There comes a time in every dispute when compromise has to be made. Those who negotiate with the intention of accepting no compromise should not pretend to negotiate because their minds are closed to all ideas except their own.

In this particular instance, the Secretary for Education and Manpower has been willing to listen to our views and has put together a reasonable compromise which takes those views into consideration. In fact, the proposals are very near to my own views as expressed in connection with the OPS last year. It seems to be the best possible deal, and surely the best possible deal is better than no deal at all.

I suspect that I shall now be dubbed "pro-Government" by the same people who, having supported the Government on political issues, were last week dubbing me "pro-China". The truth is that I have considered this issue like all other issues as an independent person basing my views on actual contact with the people who will be affected.

Mr President, I therefore support the motion. I reject Mr McGREGOR's well-intended but unrealistic amendment and totally oppose those who are attempting to delay this scheme by their uncompromising attitude which has so frequently caused a deadlock in all too many issues in this Council.

MR PANG CHUN-HOI (in Cantonese): Mr President, I object to the motion that the debate be adjourned. We have already waited for a long time and, on this occasion, the motion has been formally moved by the Government. Basically, we certainly are still dissatisfied with this motion. However, it is not easy for

the Government to come up with a mandatory, privately-managed retirement protection system after going round in circles. The protection offered is certainly not sufficient, but I hope we can make suggestions to the Government so as to enable it to take the first step without delay.

I think Mr Jimmy McGREGOR's amendment is unnecessary and I may vote against it.

MISS EMILY LAU (in Cantonese): Mr President, I rise to speak against Mr Michael HO's motion. Mr HO said that he would like to get a copy of the Government's Report. All Honourable Members, I believe, will not oppose it. The public will also want the Government to release the relevant information as soon as possible. Therefore, I hope the Government can pledge in its response that the Report will be immediately released this afternoon. However, I cannot find any relationship between the release of the Report and the debate on the motion today. Although Mr HO's suggestion does not necessarily have that implication, it nevertheless gives people an impression that Members may not have deliberated thoroughly the three schemes: the Old Age Pension Scheme, the Mandatory Provident Fund Scheme and the Central Provident Fund Scheme. We have indeed debated this critical issue many times in this Council. It will certainly be even better to have more information if we can obtain the Report which the Government does not want to release. But I do not think we should further delay this matter on the ground that the Government does not release the Report today.

Mr President, I believe there is a consensus among Honourable Members on one thing, and that is, that the Government wants to do nothing about retirement protection. Therefore, if Mr HO's motion is carried and the Government's motion is defeated, the Government will be very happy because they can sit back and relax. I am very much against this. I therefore hope we can today send a message from this Council to the public that we want the Government to expedite the implementation of the scheme.

I am very pleased to hear Mr Michael LEUNG saying just now that the Government will proceed to the next stage of the consultation process provided their motion is carried. I do agree that this is a consultation process. It will require a long time to legislate for the introduction of the Mandatory Provident Fund Scheme, and I believe it will not be accomplished even by the time the British Government will leave the territory. However, I think we should do all the preparation work now and I hope the Government will not do it in the dark. It should from time to time consult Members during the process. I agree with what Mr LAU Wah-sum said yesterday. He said that the Government should also the public know what it is doing at the same time when it is seeking the advice of the consultants. It is hoped that the Government will respond to the questions raised by Members so that they will be aware of the progress. If we think it is right, we will support it. The Bill, of course, will ultimately be submitted to the Legislative Council either in the current session, the next

session or the one after 1997. If Members think it is wrong, they will no doubt have the right to move an amendment. I think we should start doing it today if we are in favour of proceeding in this direction. We should not move that the debate be adjourned. If you are not in support of the Government's motion, you can oppose it. If you oppose it, the Government will love you the most.

I therefore oppose Mr Michael HO's motion.

MR ROGER LUK (in Cantonese): Mr President, if it is the Honourable Michael HO of the Democratic Party who moved the motion today calling for the introduction of the Central Provident Fund (CPF) and if the Government exchanged its role with that of Mr HO by proposing the adjournment of the motion, let us guess what would happen if such were the case? If the Government put forth the same reason alleging that the Democratic Party had not provided Members with a report which was unfavourable to the CPF, let us guess what would be our frame of mind here today?

Just now Mr Michael HO kept speaking of risk but I have no idea whether he understands what investment risk actually means. It makes no difference at all whether the Provident Fund be managed privately or by the public sector. It is completely nonsensical to say that provident fund managed by the public sector is deemed to have low risk and low return while privately-run provident fund will be accompanied by high risk and high return. It is the case for every kind of investment that beneficiaries are safeguarded only if the return catches up with inflation. Given the requirement to catch up with inflation, there is no such distinguishing of high risk or low risk, so to speak. Whether the risk is high or low is basically a matter of relativity. Something can be considered high only when compared to an instance of low. What is the meaning of high in this context? As a matter of fact, something that is thought to be high can be far from high in a real sense. In this connection, the mandatory privately-managed provident fund proposed by the Government, which is the subject of today's debate, has nothing to do with risk at all. It would be the biggest laughing stock should the debate be adjourned on this account. It would also reflect whether or not Members of this Council understand the meaning of a provident fund, the meaning of retirement protection, and the meaning of investment.

Mr President, with these remarks, I oppose Mr Michael HO's motion.

MR HOWARD YOUNG (in Cantonese): Mr President, I oppose the motion to postpone the debate today since this topic has been under discussion for a long period of time. I remember two years ago the Government stated its intention to implement the aforesaid Provident Fund Scheme. At that time, many Members expressed their wish that this scheme be implemented, the sooner the better. We also proposed a number of conditions for this scheme. At that time, the Liberal Party indicated its support for the scheme on the condition that the Government should provide a financial guarantee to cover losses to beneficiaries.

However, the Government is now reluctant to do so. Now, after several studies, it has been found that this Scheme can be implemented in such a way as to be viable without the Government's financial guarantee. We therefore should not give the Government any excuse for further delay.

Besides the mass media, many elderly people are also attending our debate today. Are we going to have them hear instead arguments for and against postponement of the debate? Are we going to adjourn our meeting without any concrete conclusion, thus leaving the Government with nothing to do? I think it should not be so.

What the government just said seems to imply that if it fails to get from us clear and unequivocal views as to whether to proceed with the Scheme, it will take this as a pretext for doing nothing. If this is what the Government meant? Are we going to wait for a few more decades? I think we have already been waiting for a long long time. We should continue with the debate and give the Government a clear and immediate message.

MR TAM YIU-CHUNG (in Cantonese): Mr President, I think the motion moved by the Government today is an unnecessary one. Why? If the Government has the determination to introduce a policy, and if the Government thinks that it will be beneficial both to the public and to society, the Government can simply propose it to the Legislative Council in the form of a Bill, and leave it to the Legislative Council to consider and decide whether the policy proposal merits the Council's support, rather than having to move a motion for debate today. Therefore, I think this way of doing things it is unnecessary. Besides, the way it is being done differs somewhat from the way it used to be done. It was not like this in the past. Usually, if the Government deems a certain bill to be right and in order, it will table the Bill after the Executive Council has made a decision thereon, or carry out public consultation before it is presented to this Council. This is the usual practice.

Today, the Government moves the motion, and Mr Michael HO has just proposed to adjourn it. Last night, when news reporters asked me about this matter, I indicated that it might not be a bad idea to adjourn the motion debate, as I thought that it was only two and a half pages of information that the Government had provided us with, which was after all too little. To introduce a policy with a mere two and a half pages of information! When we asked questions on a number of things, the Administration made no more than a brief reply. When we pressed on with more questions, a bit more was said to us by way of reply. But the Administration was not being honest on a number of things, and they were just talking on the top of their heads. Under these circumstances, as I said to the Governor the other day, it would be unfair to ask for the support of Members. Until yesterday, the information we had got was still very limited. Therefore, I agree that we should ask the Government to provide us with more information so that Members can decide whether they should support the proposal or not.

As to the proposal of Mr Michael HO to adjourn this motion for two to three weeks so that the Government can be asked to provide us with more information, up to this moment, I still see little likelihood of the Government promising to supply the information. And if the Government does not make it clear later on that it will provide the information, I believe it will be meaningless to adjourn the motion for two or three weeks. Therefore, I shall be watching whether or not the Government will agree to provide the information. Should the Government insist that that is all the information it has, I would think that to adjourn this motion should be meaningless. If such is the case, I do not think I will support Mr Michael HO' motion.

MR LEE CHEUK-YAN (in Cantonese): Thank you, Mr President, It seems to me that the Government has moved a motion today which urges Members to sign on a blank sheet of paper to support it. Now, hidden under the blank sheet is the *Wyatt Report*. Mr Michael HO said that the Report had been read by many. In fact, I have neither read it nor do I have a copy of it. Certainly, to be frank, I know how I would vote without having to read the *Wyatt Report* and I know I would support the Old Age Pension Scheme without having to read the Report. The Administration's explanation given to Mr Michael HO for not releasing the Report is unreasonable. The most unreasonable point is that the *Wyatt Report*, which is concerned with the mandatory, privately-managed Retirement Protection System proposed in 1992, is not relevant to the present privately-managed provident fund system (MPF). I think that kind of explanation is only intended to confuse and deceive the public because everyone knows that except with some differences in the details, the two systems are actually the same. Concerning the principles and directions of the two systems, the "framework", as the Government said, is entirely the same. I think the explanation given by the Government is unreasonable and it is an usurpation on of the public's right to know. We have the right to know, so does the public. Hence, I think the Government should by all means release the Report to all Members and to the public so that they can have more information for reference. However, I personally think that whether we have the Report or not, my stance is very clear. I would support the Old Age Pension Scheme and would hardly support the MPF now proposed by the Government.

MR MICHAEL HO (in Cantonese): Mr President, I would like to make a short reply. First, when I was lobbying Mrs Elsie TU, she said she was considering it. I was very surprised to hear her speech just now because she even suspected my motive. In fact, she does not need to be too sensitive. My motive is all too clear. I just want to obtain some existing information, and that is all.

As for our alleged uncompromising attitude, indeed, it is not uncompromising. It is only because we have our own stance which will be expressed through voting. The motion which I move today is neither to force anyone to do anything nor to change anyone's attitude. I just believe my

colleagues may change their attitude after scrutinizing the information obtained. Therefore, this motion is wholly a neutral arrangement. All I want to do is to obtain the information for Members' reference. They will come back to vote whether they have changed their attitude after scrutinizing it. I am not saying that Members have not thought through the matter well enough. I just feel that if other information are available, it is very reasonable to receive this information before voting.

Concerning the investment problem raised by Mr Roger LUK, I am, unlike Mr LUK, not an expert in this aspect. However, as Members all know, managing a Central Provident Fund (CPF) will be different from managing diversified fund portfolios by thousands of companies. Diversified investment of the CPF can lower the investment risk. Even if some of the investments should fail after diversification, other would not fail at the same time. We also understand that returns on CPF investments are somewhat lower.

Mr President, I so respond.

Question on the motion to adjourn the debate put.

Voice vote taken.

THE PRESIDENT said he thought the "Noes" had it

Mr Michael HO claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members proceed to vote on Mr Michael HO's motion to adjourn the debate?

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

Mr HUI Yin-fat, Mr Martin LEE, Mr SZETO Wah, Mr Andrew WONG, Mr Albert CHAN, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conard LAM, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum and Mr WONG Wai-yin voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Dr David LI, Mr PANG Chun-hoi, Mr TAM Yiu-chung, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy McGREGOR, Mrs Elsie TU, Mr Vincent CHENG, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Miss Emily LAU, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Dr Philip WONG, Mr Howard YOUNG, Dr TANG Siu-tong, Miss Christine LOH, Mr Roger LUK, Ms Anna WU, Mr James TIEN and Mr Alfred TSO voted against the motion.

Dr LEONG Che-hung, Mr Marvin CHEUNG and Mr LEE Cheuk-yan abstained.

THE PRESIDENT announced that there were 18 votes in favour of the motion and 31 against it. He therefore declared that the motion to adjourn was negatived.

PRESIDENT: As the motion to adjourn has been negatived, the debate on the motion will now continue.

MR PANG CHUN-HOI (in Cantonese): Mr President, the economy of Hong Kong is booming and has been unceasingly growing ever since 1966. Hong Kong is also dubbed "one of the most affluent and sophisticated metropolises". With Gross Domestic Product *per capita* standing at US\$21,800, it ranks fifteenth among the world's leading economies. Ironically, despite such dazzling achievements, the living standard of the lower and middle classes in Hong Kong declining as a result of the pressure of high inflation, importation of labour and so on. Under the impact of economic transformation and the decline of the manufacturing industry, the middle-age workers are not only deprived of the "prosperous fruits" of their hard work, but they are also worried all the time about losing their jobs, about the poor prospect of changing jobs and even more about their retirement life.

The labour sector has made perennial requests to the Government for the establishment of a retirement protection system but to no avail. The motion on Central Provident Fund had once been passed by this Council but was eventually rejected by the Government. Thereafter, a mandatory, privately-managed retirement scheme was put forward by the Government in 1992 but was shelved by the Government itself in the late 1993, substituting it with a completely different Old Age Pension Scheme. Yet the Government has taken another "U-turn" today which is evidenced by the motion put forward by the Secretary for Education and Manpower on a mandatory, privately-managed retirement protection scheme in this Council. Little wonder that such inconsistency as to attitude on the part of the Government has made the public lose faith in it.

At the time the Government announced that a motion on retirement protection would be proposed by the Secretary for Education and Manpower, I met with the Honourable TAM Yiu-chung of the labour sector together with six labour representatives of the Labour Advisory Board. The conclusion we reached at the meeting was that, in principle, we should urge the Government to expedite the implementation of the mandatory, privately-managed retirement protection scheme in order to provide security for employees in their retirement years. For this reason, I will support the motion moved by the Secretary for Education and Manpower in the hope that the legislative process will be completed within the current legislative session and the scheme will be implemented as soon as possible.

As far as the details of the scheme such as investment risks, supervision, the Government's role and guarantees are concerned, this Council could study the Bill drafted by the Government with due care to ensure the best security for the contributions. However, if we go on arguing whether to adopt the Central Provident Fund Scheme or the Old Age Pension Scheme, I believe that by 1997, the Government will end up doing nothing, or otherwise, it could achieve nothing. The Government has already made it clear that today if the motion is not passed, it will not be putting forward another proposal. Undoubtedly it is a kind of threat. But, at the same time, it is an indisputable fact that the British Hong Kong Government is drawing near to the end of its tenure of rule in Hong Kong. If the motion is not passed now, or the Government is not forced to take the first step now, then the labour sector, having fought for retirement protection for decades, will never know when the scheme is going to materialize.

We realize, of course, that this scheme will not benefit those employees who have retired or are about to retire. And those of younger age will only be benefited a long time after implementation of the scheme. Most regrettably, however, after decades of controversy over the issue of retirement protection, although Councillors now seem to have a consensus, they do not seem to have a common wish. Besides, many people have caused delays to this issue in order to gain more political capital. In essence, it is nothing more than a trick to gain political capital. Have they ever thought of paying regard to the labour sector as a whole, helping them to gain something or to achieve something? I would take strong exception to the labour sector being regarded as some sort of "political chips".

With regard to Mr Jimmy McGREGOR's amendment, I have already spoken on it earlier on, and so I shall oppose it.

Mr President, these are my remarks.

MR HUI YIN-FAT (in Cantonese): Mr President, a debate that has been dragging on for some 30 years should, in my opinion, have given enough time for the Administration as well as the public to identify the advantages and

shortcomings of different kinds of retirement protection schemes. The remaining problem is therefore which system would best serve Hong Kong's specific needs. Before the Administration comes to a decision as to which system is to be adopted, the following objective factors and social aspirations should, I believe, be adverted to:

- (a) It is true that a retirement protection scheme for employees and universal elderly welfare services differ fundamentally. However, nearly 30 years have elapsed and the Administration has yet to make a decision, and the elderly people upon whose industry a firm foundation was laid for Hong Kong's prosperity today are even now yet to be protected by retirement security. Let us make it clear that retirement security is a citizen's right, no matter whether he has contributed to a scheme for this purpose or not. Therefore, it is only right and fitting that members of the public from all walks of life should demand for the institution of a retirement protection scheme and improvements to elderly people's retirement welfare benefits simultaneously. Any government with a modicum of political wisdom and conscience should not, in my view, set their eyes only on the future retirement security for today's young employees and disregard the present actual needs of the elderly, whose numbers are measured by hundreds of thousand.
- (b) There must be direct or indirect participation by the Administration if the public is to have confidence in the retirement protection scheme and if the scheme is to be welcomed and supported. For example, instead of the currently proposed "option to join the contribution scheme", the Administration should contribute on behalf of those employees whose incomes are below a certain level as set by the Administration. The operational risk of the pension funds should also be properly managed by the Administration, while misfeasance and fraud should be monitored and penalized.
- (c) The contributory retirement protection scheme must be one where the accrued entitlement is portable upon change of job and is not redeemable until the employee reaches the age of 60, otherwise the function and the intention of the scheme will be defeated. Since 20 to 30 years is the general time frame for significant returns on any mandatory privately-run provident fund scheme to be realized, it will not be that advantageous to employees who have already reached the age of 50 by now. For this reason, even if the scheme can be implemented, the current long service payment and Comprehensive Social Security Assistance Scheme must, in my opinion, continue to have effect and keep improving until such time when the pension payout to a 60-year-old retiree would be no less than the long service payment he would otherwise be entitled to, and when a non-contributing elderly person would receive a monthly payment no less than one third of the median wage.

Basing on the above consideration, the Hong Kong Council of Social Service (HKCSS), to which I belong, made known their stance even before this Council debated the Old Age Pension Scheme at the end of last year. We put forward proposals suggesting that a risk-proof mandatory privately-run retirement protection scheme, an old age pension scheme, and the Comprehensive Social Security Assistance Scheme should all be in operation at the same time, so as to cater for the needs of the elderly today. The stance and the proposals of the HKCSS were clearly expressed in this Council by me, which I find to be valid to date, with no modification needed. As a matter of fact, no single scheme could possibly address the needs of Hong Kong today and hereafter. A mixed mode of retirement protection scheme could be one that the Administration would do well to consider.

Mr President, in the past 20 years or so, the HKCSS has been supporting the Administration's proposal to implement a universal retirement protection scheme, and every time we were consulted we responded in a most prudent and serious manner. However, never before did we face a situation where the Administration would present a proposal to this Council and to the public with only the barest briefing. Nor was the Legislative Council ever asked to state their stance and make a decision in the absence of any commitment from the Administration. The Administration's sincerity is thus open to question. As a matter of fact, the substance of the current proposal is by no means better than the "employment-related" mandatory privately-run retirement protection scheme proposed in 1992, but the information available for our discussion is far less. In view of the absence of any satisfactory monitoring system and commitment to insurance against investment risks, I would be slow to recommend it to the general public unless more detailed information be made available, such as the feasibility study report, which was never published, in respect of a mandatory privately-run provident fund scheme completed at the end of 1993 by a consultant company appointed by the Administration; or unless there are promises that the livelihood problems of elderly people after retirement will be well taken care of.

Mr President, these are my remarks.

DR TANG SIU-TONG (in Cantonese): Mr President, the debate about retirement protection scheme has been going on for scores of years now. Every scheme or proposed idea was rejected as soon as it was put forward either because it was met with strong objections from the public or because the Administration regarded it to be impracticable. As a result, the matter has remained at its initial stage. Without a retirement protection scheme, a number of people in the workforce need to face great hardship after retirement. As a matter of fact, there is no conflict between the Administration and the public on the idea of retirement protection. The only thing that gives rise to dispute is the way the ideas should be implemented. The public wants the Administration's specific guarantee, which the Administration is reluctant to give. This is really regrettable.

The Administration is reluctant to pay,
For thirty years it has taken a circuitous way;
No protection after retirement, serenity denied,
The old and the poor are left to fate.

The above doggerel can fully reflect the Administration's attitude and position towards retirement protection. Three years ago, the Administration was minded to put forward a mandatory privately-managed provident fund system (MPF) and started to look into the matter. However, in a motion debate at the end of 1993, the Administration said it could not find a practicable way to insure such a system against risks unless the Administration undertook to guarantee against risks. For this reason, the system was given a "sudden braking". Inexplicably, the system that the Administration regarded as problematic several years ago is now being given strong promotion. Whereas the Administration said in the past that only if it provided a guarantee against risks could the system be implemented, it now says the system is viable without any guarantee from the Administration. This is both self-contradictory and ridiculous.

In the past, the Administration used to complete a detailed draft of any intended proposal with far-reaching effects or even publicize the proposal in the form of consultation documents. Quite unlike what it used to do, however, this time, the Administration did not issue consultation documents. It only gave a very brief outline of the proposed system, without giving specific details such as contribution ratios, or limits for contributions for the highest and lowest salaries. We have no way of finding out what the system was all about. Today, the Administration wants us to support the MPF without ever providing answers to our queries. What is it that the Administration wants us to support? Is it the idea of retirement protection? Or just the naming of the system? The Administration is asking us to indicate clear support for a system which is empty. The Administration is making things difficult for us.

Honourable colleagues in this Council have voted to give clear support for a Central Provident Fund scheme before. Why did the Administration not implement it? Although the Administration has outlined the embryonic form of the MPF, we would not support some of the proposals in the system. I maintain categorically that if the Administration does not undertake to guarantee against risks, the MPF should not be implemented. The Barings Group collapsed, did it not come to such plight due to faulty investment and problems in its internal management, despite the fact that it has a 230-year history of operation and was regarded as one of the six major European financial institutions with vast financial clout? What criteria can we use to select a prudent, private trustee company to manage such a large pool of retirement contributions. Should something wrong happen to the trustee company, whom can the workforce turn to for their hard-earned money for which they have toiled for so many years?

The MPF proposes that there be a minimum salary level below which an employee might elect not to participate in the scheme. What happens to those earning below the minimum salary level, who are going to be badly in need of protection after retirement? One condition the Administration attaches to the system is that if this Council does not support this system, the Administration will not put forward other proposals. This is clearly a "political manoeuvre". The Administration knows we will not accept an impossible system; so, it wants to make the Legislative Council assume responsibility for the whole thing. This kind of political manipulation is a real shame.

As regards the amendment proposed by Mr Jimmy McGREGOR, I see nothing special in it as, in previous discussions in this Council, we have already unanimously agreed that the Old Age Allowance should be increased. His present amendment simply attaches to the MPF an increase in Old Age Allowance. However, the MPF and the Old Age Allowance are in fact two different issues, but we are being asked to vote only once. If we vote in favour of Mr McGREGOR's amendment, the Old Age Allowance will be increased; otherwise, the entire MPF will be rejected. From this, we can see that Mr McGREGOR's amendment is meant to accommodate the Administration's policy.

Mr President, these are my remarks.

MR JAMES TIEN: Mr President, I applaud the Government for being realistic in shelving the untenable Old Age Pension Scheme (OPS) and in selecting a mandatory retirement fund suggested by the Liberal Party and acceptable to the business community. Back in November, this Council could not endorse universal welfare disguised as pension, despite much prompting from the Government itself. A month earlier, the consultation on OPS ended without overwhelming public backing for a scheme whose pitfalls were obvious.

There is no point just talking about securing retirement for workers for we have done that for many many years. Now is the time to achieve the aim. Some political groups may see an advantage in dithering and drawing up concurrent schemes to confuse the public but that cannot be right. I am against using an issue that has a direct bearing on how hundreds of thousands of people live for expedient political ends or as a publicity stunt despite this being an election year.

Mr President, the business sector has always preferred a voluntary provident fund which currently covers about 750 000 workers, roughly a quarter of the labour force. Some companies opt for such a fund as an inducement to retain their staff. Others prefer to pay their workers more salary on the understanding that the extra cash would be saved or invested for the future by the employees. Some enterprising employees who invest well seem to have done better for themselves than others' fund managers. I think giving them a choice in what to do with their money is not wrong and it has paid

handsome dividends for some individuals. However, the business community are now willing to expand the voluntary scheme with a mandatory, privately managed occupational retirement protection system, mandatory provident fund or MPF for short. We are conceding to this because we realize Hong Kong's more prosperous and ageing public is demanding some sort of a systematic retirement package. But we must be careful with the MPF, into which employers and employees contribute a matching 5%. The negative impact is that it can only come with reduced take home pay and weakened consumer power.

The other two alternatives are OPS and CPF. The OPS has already been discredited by business, academic and professional experts for reasons that need no elaboration here. The CPF is an option the Government repeatedly said they will not consider. Therefore, the MPF is our only choice because realistically, it is the only scheme that can be implemented.

While not perfect, the MPF is a scheme that many companies already practice in its voluntary form. To extend coverage to the full labour force would not be a radical switch and is one we can live with.

Mr President, on the Government's proposed MPF, the Liberal Party would like to enhance it with the following suggestions. The Government should take some responsibility for a privately managed MPF. We agree that the scheme's subscribers should bear risks inherent in any investment portfolio. But the Government can ease their concern with a compensation or an insurance policy levied against all the participating funds so that the employees are properly indemnified against fraud and misfeasance of scheme administrators.

A statutory body has to be established to regulate MPF along similar lines as banks to protect these assets, and also ensure that accredited fund managers observe the guidelines.

Mr President, most Hong Kong employers hire fewer than 50 workers. Their employees should be able to participate in a public fund or a "residual fund" set up by the Government's statutory body to pool together their modest assets to benefit from the economy of scale in investments. However, the Liberal Party further insists that every employee, whether working for big or small firms, should have the choice and I clarify, the choice of joining any MPF or the Government sponsored "residual fund" for safety and steady return. The Liberal Party also feels that the employers should be able to deduct the worth of the MPF against that of the long service payment and severance payment, but give employees whichever calculation is more, and here I would like to emphasize whichever is more. This is currently done in companies which have voluntary provident fund and so it is no departure from the norm. Employers in Hong Kong's highly competitive economy where the cost of doing business is forever escalating cannot afford double benefits. By double benefits, I mean paying 5% of the employee's wage into a MPF and in addition, pay up to

\$230,000 for each employee for long service payment. MPF and LSP are both for one's retirement and should not be duplicated.

Another party in this Council favours OPS that has earlier been rejected, plus CPF to be launched with a \$2 billion loan from the taxpayers plus a non-means-tested Comprehensive Social Security Assistance Scheme. If that party gets what it wants, Hong Kong would become a welfare state and the danger of that is apparent to anyone who understands economics. We must avoid the tax and spend habits in many democratic but close to bankrupt countries. We must avoid huge deficits and the draining of our precious reserves.

My colleague, Dr the Honourable LAM Kui-chun, will later speak on the Honourable Jimmy McGREGOR's amendment in detail. As legislators, we have a solemn responsibility not only for the people today but also for our future generations. We would be derelict in our duties to the extreme if we were to saddle our youths with crushing debts just to win a few more votes today.

Finally, if the motion is passed today and later by the Executive Council, the Government still has to and should immediately consult and discuss with the Chinese Government through the Joint Liaison Group to obtain their agreement for implementation.

Mr President, with these words of clarification, the Liberal Party supports the original government motion for speedy introduction of the MPF with the necessary safeguards. I would not support Mr McGREGOR's proposed amendment.

MR CHEUNG MAN-KWONG (in Cantonese): Mr President, Governor PATTEN emphasized at a question session that if the mandatory privately-run provident fund scheme were not supported by the majority of the Legislative Members, the Government would not put forward another retirement protection scheme. In other words, if Legislative Councillors reject such an empty shell scheme, the details of which are yet to be conceived, which results in the Government not setting up any retirement protection plan, the Government is not to be blamed but, rather, Legislative Members are the chief culprits.

Mr President, this is a threat. In the face of the Government shirking its responsibility and bringing pressure to bear on us, I cannot go against my conscience by turning a blind eye to the grave deficiencies of the scheme or even becoming a hand-raising machine. This mandatory privately-run provident fund scheme is actually "dangling in mid-air". I use such words to describe it because, under this scheme, the problems of investment risks, returns and "going bust" associated particularly with privately-run provident funds cannot be resolved and participants of the scheme may lose all their contributions any time. Moreover, for the low-pay class who are most in need of retirement protection, in particular those who have no savings and are not entitled to Old Age Allowance or CSSA payment, they will not get any retirement protection

because of their inability to contribute to the fund. They will become the "abandoned children" of this scheme. At the same time, those elderly people who do not have retirement protection now and are still living below the poverty line are yet another group of "abandoned children" as this scheme will not provide them with immediate help and it may not even include them in the protection net.

According to the 1994 statistics provided by the Census and Statistics Department, there are close to 230 000 low-pay employees who earn less than \$4,000 a month. Over half of them are between 30 and 50 years of age. Going by the standard proposed under the Old Age Pension Scheme, that is to say, those who earn less than \$4,000 a month need not contribute, then 8% of the employee population will be excluded from the retirement protection net of this mandatory provident fund scheme. As for the low-pay elderly people, they hardly have any savings but are yet ineligible for the Old Age Allowance because they are still working. Of course, what is more pathetic is that even if the elderly retirees are eligible for Old Age Allowance or CSSA payment, with the approved amount being what it is now, are they able to live with dignity? It is true that we should not jumble together retirement protection and social welfare. But the question is: can these two systems work together to form a comprehensive protection net so that the 800 000 elderly people who are over 60 years old — most of whom have no retirement protection — and also the 230 000 low-pay workers who are not expected to be able to contribute to the provident fund, can be especially taken care of without being left out in the cold and becoming "elderly abandoned children"?

To continue, Mr President, I have to strongly condemn the Government for its dilatory attitude and its tactics of playing with public opinion with respect to establishing a retirement protection system for the elderly. The Government published the consultation paper on the Old Age Pension Scheme in 1993 and it took more than a year to complete the consultation and the study. During the course of it, the Government always claimed that the consultation results were optimistic. It also repeatedly emphasized that the Scheme was feasible and it was confident that the Scheme would have the support of the Chinese Government. As a result, many elderly people were thus very pleased, thinking that their living would henceforth be upgraded to a reasonable level. However, when the Chinese Government openly queried the Scheme, the Government immediately "steered to another direction" and claimed instead that the Scheme was not supported by members of the public and had to be scrapped. To avoid being criticized by Members, the Governor went so far as to point an accusing finger at Members when it should have been more fittingly pointed at himself. He laid the blame for the failure of the Scheme on the lack of support from Legislative Members. He even regarded all those who had suggested improvements to the Scheme as totally against the Scheme and condemned them as guilty parties. Mr President, I cannot help but ask: if the Government had such high regard for the consensus and views of the Legislative Council, why was it so firmly against the central provident fund scheme which was strongly urged for by the Legislative Council and members of the public? Why did the

Government not accept the Legislative Council's consensus to have the CSSA payment raised to \$2,300? Most of the so called opposing views were just voices demanding that, other than its \$10 billion injection under the original Scheme, the Government should continue to participate in the contribution so as to ensure the stability of the fund and to maintain the Government's commitment. Should such recommendations be called opposing views? If this is not playing with public opinion on the part of the government, then what is it? Regrettably, the hope harboured by numerous elderly people for a stable living after retirement was like a soap bubble blown to huge proportions by the Government and then pierced. Does the Government not feel that this is too cruel?

Mr President, the Hong Kong British Government has displayed its sunset mentality to the fullest extent on the issue of retirement protection for the elderly. The community has fought for the establishment of a retirement protection system for over a quarter of a century. The middle-aged then have become the aged now. But the Government has all the while been dilatory. It was not until 1993 when the Legislative Council passed a motion to establish the central provident fund then the Government was pressured into putting forward the Old Age Pension Scheme as a buffer scheme. After a year's preparation, the old Age Pension Scheme was finally aborted despite general support. The Government has dragged its feet for more than two decades over the issue of retirement protection for the elderly. And now, as regards this proposed mandatory private-run provident fund scheme, even if it is to be carried out forcibly in the face of strong opposition, the soonest date for implementation will be two years from now. By that time, it will already be 1997 and it will be time for the Government to "call it a day". To the Hong Kong British sunset government, the retirement protection scheme, so fervently awaited by the Hong Kong people, is "none of its business and should be put off as long as it can". Mr President, when the Governor put forward the Old Age Pension Scheme, he emphasized that it was the Hong Kong Government's responsibility to provide proper care for the old people. And now, in the course of Great Britain's withdrawal, this beautiful lie to fool the old people will forever remain a smirch in terms of the impact it has on the people's livelihood.

Mr President, these are my remarks.

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

MR MARVIN CHEUNG: Madam Deputy, the arguments for and against a compulsory retirement scheme have been stated on many occasions, including debates in this Council in the recent past, and I shall not repeat them. What is interesting is that the Government keeps changing its mind. Why, having first promoted and then rejected its own proposal for a compulsory retirement scheme as recently as late 1993, has it now turned full circle? The rationale cited in the Secretary for Education and Manpower's speech in moving this

motion is not convincing. It is about time the Government stops beating about the bush and owns up to the real reason for getting itself into this state of affairs.

We are being asked the question: "Which is the better, Old Age Pension Scheme or compulsory retirement scheme"? The answer is, of course, that they cannot be compared because they are attempts to deal with essentially different problems: immediate benefits to the elderly on the one hand and long-term benefits to the working population on their retirement on the other. It is not so much that the Government has come up with the wrong answers but that it has failed to define the relevant problem, if one exists. Unless the public and fellow legislators can be clear about what the problem is that needs to be solved, I fear we will continue to go round in circles forever.

The simple fact is that no one, so far, has defined the problem and produced any supporting evidence to show its magnitude. The Government talks vaguely of the problems of old age and says we must do something, as though anything at all is better than nothing. We know from demographic studies that the population is aging but we cannot automatically deduce that the aged are, as a group, poor and in need. Moreover, we have recently been informed in this Council that the Government does not have, and will not attempt to formulate, an official definition of poverty, so it will be impossible to define the extent of the problem, even if it exists.

It is unclear whether the problem exists now or will develop in the future, whether there is immediate need for financial support of the elderly, or whether, due to various factors, the need will develop in the years ahead. The Government switches between one scheme and another as though they were alternative ways of dealing with the same problem. If the problem is immediate then, as has been said many times, a pension scheme is not the solution, and even if the problem is in the future, a pension scheme is not the answer because there is no way to guarantee, nor is it likely based on historical evidence, that it will produce enough money to provide adequately for the needs of a person when he retires.

Not having identified the nature of the problem, how can we determine the cause so that it may be tackled at source? Is the poverty of the elderly caused by the failure to save because of unemployment, or by the failure to save despite being able to earn good money during their working lives, or by the failure of their savings to accumulate to a sufficient amount due to poor investment returns relative to inflation?

There is a danger that Members may support the proposal for a compulsory retirement scheme because they think that employees will be getting something for nothing. In reality, any gain is, at best, short-term because market forces will determine employees' total compensation. Any increase in a form of employment benefit will be compensated over time by a reduction in

another part of their employment package, for example, future salary increases. Employees will, in fact, lose out because they are the ones who will shoulder all the cost of the scheme. Not only will the cost of the vast bureaucracy have to be paid for, there will be hidden costs in the form of poor returns on investment due to the need for conservatism. As there will be no effective measures to eliminate the risk of fraud, any losses arising from fraud will also further deplete the funds of the scheme. Part of employees' incomes will be taken out of their hands and locked up in schemes for decades whilst inflation will dramatically reduce the real value of the investments over time.

I understand that certain academics and economists have argued the case for a compulsory retirement scheme on the basis that the returns on investments for retirement schemes have been significantly better than inflation. I do not know how they are able to draw this conclusion when they clearly do not have access to information about the returns actually achieved by all the retirement schemes. There is also no guarantee that surveys of the performance of retirement schemes are reliable given that there is no assurance that all the schemes, including poor performing ones, are included. One indisputable fact is that not one single fund manager has come forward to guarantee a return on investment linked to inflation. In an open letter to legislators, a number of academics have stated that the return on investment, even for the poor performing funds, has been about 4% above inflation. If this is true, why are fund managers not prepared to guarantee a return linked to inflation? In order to settle this argument once and for all, I would urge the Registrar of Retirement Schemes to compile and publish statistics on the actual performance of all the existing retirement schemes so that the public can determine whether the performance of retirement schemes is considered satisfactory.

There are some vital facts which Members need to be aware of about compulsory retirement protection before they indicate support for it. First, only the employed will be included. Second, the scheme is being financed entirely out of workers' incomes. Third, even taking into account economies of scale, it will be expensive to run. Fourth, it is the employees who will pay for the cost of the scheme. Finally, how effectively will the scheme be in providing protection to workers in their retirement? This is a judgement call but I would say, on all the historical evidence, it will not provide an effective protection for retirement. The Government itself has admitted as much in previous speeches rejecting the proposal. In conclusion, compulsory savings are unnecessary and do not solve the problem.

DR LEONG CHE-HUNG: Madam Deputy, once again when it comes to pulling out hat tricks, in the issue of retirement/pension schemes, the Government has shown that it is not exactly the master. Instead the Government has produced confusion of unfathomed dimensions. Never has so much confusion been produced by so few people on such an ordinary but down to earth topic.

Rightly so, the public is confused. Rightly so, the Legislative Council is confused; and rightly so, perhaps even the Government is confused.

To recapitulate, the debate for a retirement provident fund has been going on in Hong Kong for at least a quarter of a century. At one point in time, there was almost a unanimous agreement both within and outside this Chamber that a central provident fund is the way ahead. Yet this so-called "listening to the voice of the people" Government just shrugs its shoulders, commenting that it is "wishful thinking" and declares it will never do it.

Indeed in 1992 under intense pressure, the Government introduced the loophole laden community-wide retirement protection system. So obvious were the gaps or loopholes that even the Government's own consultants condemned it on the ground that it is too risky. In the wake government officials came openly to denounce it. Then the Secretary for Education and Manpower said the public consultation showed, and hinted that the Government agreed, that: "Without a government guarantee, or some form of insurance or other protection, it would be unfair to force the public to entrust their savings to private investment agencies"; and "for a long time to come, the bulk of the population would not have any meaningful retirement protection."

The Government itself also felt that: "Given the foreseeable market conditions in Hong Kong, an RPS would have to be invested in stocks and shares to yield meaningful benefits. Such investments involve the risk of losses, for which there is no viable insurance cover other than a government guarantee. But it would not be fair to ask taxpayers to underwrite such losses."

From then onwards, it was an about turn. The Government introduced an Old Age Pension Scheme (OPS) which the Government claimed to provide for all. This scheme was strongly opposed by my constituents and many others as it may not be sustainable and was definitely unfair and inequitable.

The Government hailed it as the "first prize" in many occasions. The Governor himself gave it very high marks. Surprisingly, in spite of the fact that even though at the eleventh hour the Government claimed that the majority of feedback from the public consultation supported the scheme, the next minute we were told this scheme would be prodding back into the old scheme which it only a short while ago denigrated. To make it different, the Government dressed it up with a new name called mandatory provident fund.

The height of irony and confusion came amidst government lobbying when I was offered a threatening horse trade act which is that if the Government's proposal does not get enough support, the Government might be forced to implement the OPS, knowing well that my own constituents object to this very very much.

But then why the fuss with all the exercise to produce a system to help those in the old age that need to be financially supported. This must be the wish for all concern. As an affluent society like ours, this must be the least we could do.

Madam Deputy, any scheme could only be effective if it is sustainable, equal and fair to all and, most importantly, be able to provide for all who need the support. In essence, there are several groups of people who fall into this category. Firstly, those in the public assistance group who will more than ever need support when they grow old. The Government will tell you that it has the Comprehensive Social Security Assistance covering this and that the Government is considering a review of the financial assistance as its first priority. No doubt we will all look forward to seeing this move and hope that more generosity will be forthcoming.

The second group are of course the group on which the Government will blow the trumpet on the effect of the proposed mandatory provident fund. These are those in full employment but who will need help after retirement. Yes, the proposed retirement scheme will, if all go well, protect them when the scheme matures. But even then, that person must have made a significant number of years of contribution. What happens to those who will be retiring tomorrow, next month or even next year? What happens to those who has only contributed for one or two years only because they are already approaching retirement? How are they going to be helped?

But there is yet another group which will always stay in the limbo. They are those who have never taken up employment and will never be covered by the proposed scheme. Again, how are they going to go through their old age?

It may be argued that it may be too costly to support these two groups and that as the population ages, the volume would be bigger. Yet, these groups are an integral part of society no government can choose to ignore. Furthermore, with the maturity of any retirement scheme, many in these groups will be well covered by the scheme and the number who need other forms of assistance would be decreased.

Madam Deputy, the need to come up with a retirement/pension scheme now faces more pressure than ever with the changing family structure of the Hong Kong people. The imminent political change has diverted many out of Hong Kong so that they are not here to take care of the old and the high cost of living has left many young families with very little financial savings to look after the aged. The once highly praised filial responsibility of the Chinese family set up is therefore slowly undermined and our citizens in their twilight years need support from other means to repay them of their contributory effort during their young days.

As a start, Madam Deputy, the Government should come out strong to show the public that it has a package to plug the loopholes of the proposed retirement scheme that even itself agrees that exist; and at the same time provide positive direction that will be comprehensive enough for all. Thank you.

MISS CHRISTINE LOH: Thank you, Madam Deputy. I do not object to the setting up of a mandatory retirement protection system. I have been involved with such a scheme from the perspective of both an employer and an employee in a private company. It is a reasonable way to offer employees retirement protection where both the employer and the employees make some contributions.

I also believe that issues such as portability and risk reductions could be addressed, and I am sure that this Council looks forward to further information on such measures from the Administration.

However, unhappiness expressed about the scheme from the community arises from the neglect of those who do not and may never benefit from the scheme. The Administration says that we should only be talking about retirement protection today. I feel very strongly that we should also acknowledge those whom the scheme will not cover. This group of people do not fall under the Comprehensive Social Security Assistance (CSSA) Scheme either, which is why I believe the Honourable Jimmy McGREGOR is reminding us of this group in his amendment.

The means-tested CSSA covers those who are living in poverty, whatever their age may be. In Hong Kong the CSSA Scheme covers those who live in poverty. Basically, that means those people are destitute. They do not have and are not able to provide for themselves in terms of the necessities of daily life. I have a very close friend of my family who is exactly in this position. She is nearly 80 years old. She has spent much of her life struggling, worked hard. She does not have a family and she has always worried all her life about what will happen to her as she grows older. She struggled so hard that she is able today to amass a little bit of savings, so she does not have to fall within the CSSA Scheme, but it does not mean she lives in comfort.

How does the Administration describe the plight of people in this category? I would like to remind the Administration of what was said by the Official Member on 9 November last year in this Council when we debated the Honourable TAM Yiu-chung's motion on the Old Age Pension. The Government described this group as: "people, while not entirely without means, constantly face financial difficulties and run the risk of slipping into poverty in time, given their meagre savings and very often marginal income support from their families. This is a group whose needs should not be ignored by a caring and increasingly affluent society like ours." Well, yes, we should not ignore this group. The Administration says that those who are now receiving the higher Old Age Allowance are non-means tested. I suggest that

this group be also means tested. Mr McGREGOR's motion is wide enough to cover this possibility. But we should not exclude this group by separating it from a debate on retirement protection or a later debate on increasing the CSSA.

A means-tested system, I believe, will not impose an unacceptable burden on this community now or in the future. Perhaps the Administration can work out some numbers for us to consider.

In this respect, I am going to support today's motion and I am also going to support the Honourable Jimmy McGREGOR's amendment.

MR LEE CHEUK-YAN (in Cantonese): Madam Deputy, first I would like to respond to a point made by the Secretary for Health and Welfare a while ago when she commented on the amendment proposed by Mr Jimmy McGREGOR. She remarked that Mr McGREGOR had lumped together social welfare and retirement protection. I was deeply disappointed on hearing that. It is because when the Old Age Pension Scheme (OPS) was first unveiled by the Hong Kong Government, the New China News Agency (NCNA) commented precisely in the same terms, that is to say, the Hong Kong Government was lumping together retirement protection and retirement welfare. I was greatly disappointed because I thought that the NCNA had come here. I hope that the Administration can henceforth make its own viewpoint clear.

The Hong Kong Confederation of Trade Unions, together with numerous trade unions and labour organizations in Hong Kong, have long been fighting for the establishment of a universal retirement protection scheme. We think that the OPS is an appropriate starting point as it can immediately cater for the imminent retirement needs of the 560 000 old people at present. However, the Administration has shelved the OPS and, instead, put forward a mandatory, privately-managed provident fund system (MPF) which lacks substance and is riddled with defects and pitfalls. The MPF has the following shortcomings:

First, I would like to display an item given to me by a group of Sociology students from the Chinese University of Hong Kong in order to expound the first shortcoming. This is what they made, a tombstone, a tombstone for retirement protection

PRESIDENT'S DEPUTY: Mr LEE, you are not allowed to make that kind of demonstration. You had better put it down.

MR LEE CHEUK-YAN: But when I talked to the President, he told me that we can display an exhibition board to make a point.

PRESIDENT'S DEPUTY: He gave you the permission?

MR LEE CHEUK-YAN: No, not in this instance. But the President has told me that we can make a point by displaying something. I am not going to hold this forever. I am just going to display this for a moment to make a point.

PRESIDENT'S DEPUTY: I am informed by the Clerk and I know that, we all know that, this is not allowed, and I regret that you have to put it down.

MR LEE CHEUK-YAN: But anyway, you have all seen it.

MR LEE CHEUK-YAN (in Cantonese): This tombstone signifies that the replacement of the OPS by the MPF is tantamount to encoffining and burying the retirement protection of 560 000 old people, 600 000 housewives, 400 000 handicapped people and 700 000 workers who are about to retire. I deem that this is the greatest shortcoming of the whole scheme. In putting forward the MPF this time, the Administration has made no other proposal to be implemented concurrently to protect the old people who need protection most. I hope that everyone here can call to mind the old people who demonstrated outside a moment ago. Do not forget that every wrinkle on their face signifies their contribution to the prosperity of Hong Kong. They educated the present generation of Hong Kong. But how do the Administration and the community treat them? They just take the old people as "sugarcanes", abandoning them generation of Hong Kong. But how do the Administration and the community treat them? They just take the old people as "sugarcanes", abandoning them after extracting all the essence. This is how our present society treats them. I hope that Members of this Council will cast their votes in support of the OPS. I hope that when Members cast their votes, they will try to think of every single wrinkle of the old people and to fight for their rights which they deserve to have.

Secondly, the MPF is unable to help the low income employees who are in need. The Administration just says that the low income employees are free to choose whether to join the scheme. But in reality, there is no such thing as freedom of choice. The employers will, with a combination of threats and inducements, persuade the employees not to join the MPF. It is because so long as the employees choose not to contribute to the fund, the employers do not have to contribute either. Therefore, the MPF totally fails to help that group of low income employees. However, we should not forget that they are in fact the group which needs assistance most. Their level of pay is already quite low and it is difficult for them to lay up against rainy days. They are those who badly need retirement protection, but are now being excluded from the scheme proposed by the Administration. The Administration has even stated that it will not contribute to the fund on their behalf. The consequence will be the perpetuation of the existing abominable phenomenon where the elderly are becoming poorer and more helpless.

Thirdly, the benefits derivable from the MPF in favour of the 1.5 million middle income employees is not as much as that from the OPS. If each of these 1.5 million employees earns a monthly salary roughly below \$7,500, and assuming that they have contributed for 30 years and on average will live to the age of 78, what they can receive is only \$2,162 per month per head, much less than the amount from the old age pension. These 1.5 million employees will obtain less benefits from the MPF than the OPS. I hope that Members can bear in mind that they are a group of low income employees who need assistance most, whereas what they can obtain from the MPF is much less than that from the OPS.

THE PRESIDENT resumed the Chair.

MR LEE CHEUK-YAN (in Cantonese): The fourth shortcoming is related to the question of portability as to which the Administration has not stated clearly whether it is 100% portability or not. Members should not forget that according to the existing private provident fund scheme, an employee is unable to obtain the contribution by his employer unless he has been working in the same company for at least five years. I asked the Administration yesterday if, after the implementation of the MPF, an employee would be able to obtain 100% of his employer's contribution even though he was not worked in the same company for five years. The Administration replied that it was too early to give a definite answer as everything depended on the outcome of the discussion between the employers and the employees. If that is so, we do not know exactly whether an employee can receive 100% of his employer's contribution. For those who do not stay as long as five years with every employer, they may be contributing throughout their working lives but at the end can only get back their own contributions but not their employers' contributions. If that is the case, why should they contribute to the fund?

The fifth question is the inadequacy of supervision. The Administration has reiterated that it will not "underwrite" the fund. However, I have to remind the Administration that, according to the Chilean model, the government assumes the role of final investment guarantor only after close supervision of the investments. I do not understand why the Administration fails to consider this Chilean mode. In case the investments go awry and the fund comes to naught, who is going to take the responsibility?

The sixth point relates to the question of severance pay which was touched upon a moment ago. We think that if the MPF can also be taken as severance pay, there will be enormous problems. It is because when the MPF becomes severance pay

The buzzer sounded a continuous beep.

PRESIDENT: Mr LEE, you have to stop, that is Standing Orders. You absolutely have to stop. Please sit down.

MR VINCENT CHENG: Thank you, Mr President. At the outset, I want to say that I fully agree with Mr Marvin CHEUNG's arguments. But I will support the motion because I think the expectation of society is such that we need some form of retirement protection, and also that there are already many voluntary schemes in place in Hong Kong which can serve as some sort of experience for the Government to take reference of. I agree with Marvin that we have been debating this in a state of confusion and it may not be the best time to make a decision. But however, it is not new that we make decisions in this Council in a state of confusion, so there is no reason why we should stop here.

I am not going to repeat the arguments for retirement benefits, nor am I going to discuss all the pros and cons again of the various proposals. I will just outline my response to the Government's proposal and the main features. I support some form of mandatory retirement scheme with contributions by both employers and employees. But I also think that the contributions will actually come from the employees themselves because market forces do dictate, at the end of the day, how much an employee will get, whether it is in the form of pension or whether in the form of salary or travel allowance. It is a preferred route compared with the Old Age Pension Scheme (OPS). I am not totally against the OPS which is actually not a bad idea. It is easy to administer and can produce immediate benefits. My major concern is the real possibility of an escalation in future in the rate of contribution. Experience in other countries show that the rate of contribution would go up after a while because politicians do not observe fiscal discipline and are very good at spending other people's money.

Now, if there is a way to cast the rate of contribution in stone and keep it at a reasonable level I would have supported the scheme. The proposed scheme by the Government has its merits as well as its problems. The Government, in its letter to Legislative Council Members, highlighted a number of basic features for the compulsory scheme. I found many of these features acceptable but I also have strong reservations on several of them. I cannot accept the proposal that no one can collect his provident fund before 65 except in the most dire circumstance. This is too restrictive. I think more flexibility has to be introduced or included in the system to allow employees to collect or use some of the accumulated savings during the latter part of his career at least. The Government should leave the decision to individuals who have a better idea of how and when they would use their savings to maximize their benefits. If the Government insists on this feature, I will vote against the scheme.

I would also strongly object to the idea that the law should be retroactive and apply to existing schemes. Nearly all existing schemes allow employees to take their provident fund when they leave their employers. If the Government turns to the private sector now and says that no one is allowed to take their

provident fund until they are 65, it will trigger a wave of resignations by employees who would want to keep their entitled money in their pocket before retirement age. Now, if people choose to react in such a way, it would trigger a wave of runs. It would trigger a run on existing schemes, some of which may not be fully funded at the moment and the run on these ones would be financially very destabilizing.

I am also concerned about the suggestions of portability. Every month we have tens of thousands of people changing jobs. It would require a huge bureaucracy to ensure the accumulated contribution to move from one employer to another. I would suggest that we leave the decision of how to manage the accumulated savings to individuals. If they want to transfer it to their new employer they should be allowed to do so. But if they want to manage their savings themselves, they should also be allowed the option. We do not need a nanny society.

These are some of my suggestions to the Government based on the major features contained in the Government's proposal. We have to see the details before we could make a final decision, but I support the introduction of a mandatory retirement scheme which will go some way towards offering some retirement protection.

Nevertheless, the scheme cannot support those who are outside the workforce such as housewives. I want to know how these people would be looked after by society. I hope most would be looked after by their families, but as traditional family values decline, there is a real danger that a lot of housewives might be forced into the social security net which only provides for a basic standard of living.

The compulsory retirement scheme cannot produce immediate benefits. I am therefore sympathetic to Mr McGREGOR's amendment. I support a more generous old age allowance scheme which is means-tested. Mr McGREGOR is quite clever in the wording of his amendment, but however we are not here to test our debating skills. Rather we are here to find solutions. I therefore hope that Mr McGREGOR can indicate whether he is going for a means-tested scheme or a non-means-tested. If it is means-tested, I will support the amendment.

Mr President, I support basically the mandatory retirement scheme, but I do not support compulsory preservation and portability. Employees should have a choice. Thank you.

MR FREDERICK FUNG (in Cantonese): Mr President, on the ground that "public views were divided", the Government imposes the death sentence on the Old Age Pension Scheme (OPS) without providing the slightest chance of appeal and seeks to replace OPS with a mandatory privately-managed provident fund

system, or MPF for short. I am extremely unhappy with the way this is being handled.

If the MPF proposed by the Government is really more effective than either OPS or the Central Provident Fund (CPF), perhaps I may accept the Government's suggestion. However, MPP cannot alleviate the retirement protection problem currently haunting Hong Kong.

First of all, the contributions from the contributions, or from the employees, are not afforded absolute protection. The contributors, therefore, will not have complete confidence in the scheme. As the name suggests, "mandatory" refers to the fact that every employee must adhere to the rules and, with no alternative, they have to deposit part of their income with a particular organization. Put it another way, the Government is "forcing" the employees to deposit some of their personal property into some other people's hands for their "safekeeping". It is most unacceptable that the Government tries to force the employees to contribute on the one hand while failing to offer hundred percent protection to employees' contributions on the other hand. If it is so unfortunate that the insurers get into trouble, the contributions from the employees will go down the drain. Although the Government guarantees that there will be prudential supervision of scheme administrators, it does not necessarily mean that the privately-managed provident fund schemes will be administered efficiently by the companies because even the best management companies or investment companies may get into trouble. Therefore, I do not think that the system compares favourably with a central provident fund scheme.

The Government must be aware of the fact that the majority of investment companies and fund management companies "have very high profit margins". The administrative costs of the fund together with profit often come to 7% to 10% of the total amount of fund managed by the company. This is particularly so when the fund is pieced out among different companies or fund managers where the commission charged can be quite substantial. Therefore, the implementation of the MPF actually means that the Government will directly raise funds for the insurance companies, so that the companies can earn windfall profits in the process. In contrast to this, the contributions from the employees will not have significant returns and significant guarantee. Although the Government indicates that there will be a special levy on other private insurance companies to compensate for the losses, if any, of the contribution, yet the Government has not spelt out the details of the special levy. In other words, the Government is reluctant to underwrite the entire scheme. This is the most unacceptable point.

There are two key points in the Government's proposal which illustrate the problem of the Government-proposed scheme. First of all, the low salary earners may elect not to participate in the scheme. It reflects that the scheme is not adequate or not capable of protecting the post-retirement lives of the low income earners. Secondly, this system is not immediately effective and will bring no benefit to those elderly people who are already aged 65 or above. The

relevant scheme may lead to the following: First, since those old people aged 65 or above have attained the age of retirement and have only limited income, it would be quite impossible for them to spare part of their income as contributions. Secondly, even if these old people are still working, they will have to "toil" for another 20 years until the age of 86 when they will have saved up a significant sum of money in the fund. Therefore, they will be eligible for payment of provident fund only when they retire at the age of 86. It would be too cruel to them.

In view of this, the MPF system currently proposed by the Government is entirely different from the OPS suggested by the Government last year. This scheme cannot protect the post-retirement lives of those elderly people who are already aged 65 or above now.

To put it in a nutshell, when we compare the Government's current proposal with the OPS, we will find that the Government is actually telling us: "Since you do not want the decayed apple, then you are not allowed to the orange either". I do not think it is acceptable.

The Government has been continuously calling upon the Members of this Council to give clear support so that the Government may move on to the next stage of the MPF consultation process, which is to appoint consultants to undertake a detailed study. I think that the Government, in so saying, is actually threatening the Members of this Council. That means, if the Legislative Council vetoes the proposal of the Government, then the Government will not do anything and the entire plan will be left to the Special Administrative Region (SAR) Government to take up after 1997. This is a further procrastination on the issue of retirement protection. It will be the Hong Kong citizens who will ultimately suffer from the delay. Those elderly people who are urgently in need of retirement protection will be the first to bear the brunt. The Government seems to be passing the buck to this Council so that we have to bear the responsibility of "vetoing the mandatory privately-managed provident fund scheme". If the scheme passes and problems arise, the responsibility will still rest with this Council.

The Government has been requesting the Members to give clear support. Under the circumstances that no clear explanation is given as regards the details of the Government's proposal, Members of this Council are being forced to indicate support or otherwise. As a responsible Member, I believe I am bound to account myself to the public. Therefore, under the circumstances that no details of the plan are given, Members of this Council should not support the scheme; otherwise, it would be tantamount to signing a blank cheque and leaving it to the Government to fill in the amount.

There are a lot of loopholes in the legislation governing the existing privately-managed provident fund schemes, but the Government still fails to make any improvement in this area. It is therefore difficult to support the Government's proposal. From November last year up to this month, the Hong

Kong Confederation of Trade Unions received 10 complaints concerning privately-managed provident fund schemes, involving about 3 000 people. The majority of complaints are about employers who keep the contributions from both sides and fail to deposit the contributions into the account of the provident fund concerned. However, the Labour Department and the monitoring authorities cannot effectively resolve the difficulties of the employees. Although labour legislation provides that the employer should pay all money due to the employee within seven days from the day the employee leaves service, provident fund payment does not come under this requirement. It is therefore not surprising to find the employer falling in arrears with provident fund payment.

As regards Mr Jimmy McGREGOR's amendment to seek to raise the amount of old age allowance so as to bring immediate benefit to 560 000 elderly people aged 65 or above, I support the amendment in principle. But I am caught in a dilemma when it comes to voting because the amendment is to be added to the original motion moved by the Government. I oppose the Government's motion but I support Mr McGREGOR's amendment. In that case, how should I vote? Therefore, I will abstain. I will abstain on Mr McGREGOR's amendment.

There is one more point I would like to add. The Government has indicated that without clear support for the MPF, the Government will not proceed with it. I think that the Government is only staging "a show". The incumbent Members will retire in September this year while it remains uncertain whether the Members of the new term will support the scheme. Will the Council at that time hold a new round of debates and stage one more show then?

I oppose the original motion. Thank you, Mr President.

DR YEUNG SUM (in Cantonese): Mr President, "given the foreseeable market conditions in Hong Kong, an RPS would have to be invested in stocks and shares to yield meaningful benefits. Such investments involve the risk of losses, for which there is no viable insurance cover other than a government guarantee. But it would not be fair to ask taxpayers to underwrite such losses." These are remarks made by the former Acting Secretary for Education and Manpower, Mr LAM Woon-kwong, at the Legislative Council meeting on 15 December 1993 accounting for the Government's rejection of the mandatory, privately-managed provident fund scheme. Yet, the Government has now taken a "180-degree U turn" and put forward this particular scheme for the second time.

When publishing the results of the public consultation exercise on the Old Age Pension Scheme in January this year, the Government purportedly said that the scheme did not have popular support. The Government subsequently met with individual political groups, trade unions and representatives from the

business sector to promote the mandatory, privately-managed provident fund scheme which it intended to put forward.

New scheme is merely a political manoeuvre

Apparently, the coming back of the mandatory, privately-managed provident fund scheme is just a result of political manoeuvre on the part of the Government when it is faced with great pressure after "beating a retreat" on the issue of Old Age Pension Scheme.

Firstly, the Government tries to explain a retirement protection scheme involving nearly 3 million members of the working population in only two and a half pages consisting of 170 words, which lack substance and concrete implementation details. Secondly, the Government offers no explanation whatsoever of the part played by this scheme in relation to the overall retirement protection policy. What is the aim of the policy? What is the relationship of this scheme with the existing protection system? The Government, being at a loss as to what to do, simply puts forth a scheme in a slipshod manner to fool the public.

More importantly, the entire scheme lacks sufficient guarantee against investment risks. Back in 1992, the Government put forward a mandatory, privately-managed provident fund scheme for consultation, the result of which clearly indicated that both the business sector and the public did not accept a scheme without guarantee against investment risks. The Government accepted this criticism and, as a result, put forward the Old Age Pension Scheme. While forcing employers and employees to make contributions by way of legislation, the Government completely disregards the fact that private establishments have to bear the risks that may arise from investment losses or bankruptcies. In these circumstances, the citizens will possibly lose all of the money in the fund which they have saved during their working life. We appreciate that it is unfair to get taxpayers to "underwrite" the losses of a private provident fund. However, the Government cannot just sit there doing nothing about it. Rather, it should offer a solution to the problem.

Small and medium-sized businesses are facing difficulties in setting up pension schemes

In proposing this scheme, the Government ignores the high administrative cost which the small and medium-sized businesses have to bear in running such a pension scheme. At present, the large majority of employees in these businesses are not under any retirement protection scheme. The various types of small and medium-sized businesses account for more than 95% of the total number of business undertakings in Hong Kong. At present, there are altogether 280 000 establishments of small and medium-sized businesses having a staff of less than 20 persons, accounting for more than 1 million of employees, that is, approximately 35% of the total working population in Hong Kong. Up till now, the Government has failed to explain in clear terms what assistance will be

rendered to these small and medium-sized establishments to set up provident fund schemes for their employees. But under the Occupational Retirement Schemes Ordinance and the Trustee Ordinance, the supervision of and control over the investment strategy of private funds are very lax.

More importantly, the mandatory, privately-managed provident fund scheme put forward by the Government shows no consideration for the needs of the retirees, those about to retire and those non-working persons. In other words, at present, about 800 000 elderly persons and more than 3 million of the non-working persons are not covered in any way by the mandatory, privately-managed provident fund scheme.

Furthermore, the Government's scheme is unable to look after the low-income earners who are most in need of income security upon retirement. In spite of their contributions to the fund throughout their working life, the financial security they can eventually get on retirement may even be below the level of comprehensive social security assistance. For example, an employee now earning a monthly income of \$6,000, after 30 years of contribution, can after retirement (on the presumption that there is a 2% actual return and wage increases are offset by inflation).

Central provident fund scheme should be set up

To safeguard the interests of the public, the Democratic Party cannot accept the mandatory, privately-managed provident fund scheme now put forward by the Government.

The Democratic Party has been consistent in its stand on setting up a central provident fund scheme for Hong Kong which is to be managed and run by a statutory body established by the Government so as to secure the savings of the contributors in the fund. Apart from resolving the problem of provision of guarantee for investment losses, given its scale and room for compatible development, this system can also introduce insurance covered schemes and other complementary schemes so as to respond to the demand of the community for social security more effectively. Of course, we appreciate that the central provident fund is unable to look after the retirees, those about to retire, those non-working persons and low-income earners. Therefore, the Democratic Party still insists on getting the Government to expedite the implementation of the Old Age Pension Scheme which is widely supported by the general public.

As to the significant increase in the Old Age Allowance as proposed by Mr Jimmy McGREGOR in his amendment, the Democratic Party has reservation about it. The Democratic Party supports the view of reducing the gap between the rich and the poor by way of a reasonable tax system. As far as retirement protection is concerned, the Democratic Party is of the view that the Old Age Pension Scheme should be implemented by way of a pooling of social resources; the scheme is to run side by side with a central provident fund

implemented by way of personal savings. Since Old Age Allowance is not means tested, if it is to be significantly increased — but Mr Jimmy McGREGOR has not specified the percentage of increase — I believe the taxpayers will have to take up a heavy burden in the future.

Mr President, these are my remarks. The Democratic Party will oppose the Government's motion on the mandatory, private-managed provident fund scheme, and will abstain from Mr Jimmy McGREGOR's amendment.

DR LAM KUI-CHUN (in Cantonese): The debate on retirement protection for elderly people has been held numerous times in this Council. Recently, quite a number of Members have compared different protection systems by drawing analogy from sumptuous or crimpy food. Now, I am comparing the actual situation and prospect of three or four such systems in a similar way.

The Old Age Pension Scheme (OPS) proposed by the Government last year is just like won ton noodle. In a bowl of won ton noodle, there is soup, seafood (shrimp), meat, spring onion, vegetable and cereal (noodle), which is really a nice meal. No wonder some Members are still highly recommending this scheme to the public. However, the shortcoming of having such kind of noodle over a long time is that, as our demographic profile changes, there will be more and more elderly people and fewer young people and people in their prime years with the result that pension handed out to an elderly person will diminish. Take the example I have just mentioned. There will be no shrimp in a few years' time, and no meat in yet another few years' time, and then later on what they will get will be something "in between soup and water". The Liberal Party does not have the heart to offer such kind of so-called retirement protection to elderly people, and therefore will not support it.

As to the amendment proposed by Mr Jimmy McGREGOR, it is in fact OPS presented in a revised form which will place heavy burden on our community, and what elderly people will get will diminish. For these reasons, the Liberal Party will oppose the amendment motion. As to provident funds, the yields of a central provident fund are usually low in general, but are quite steady, and the recipient need not worry about his sustenance, though the provisions will not be bountiful, just like a small bowl of won ton noodle. But surely such fare will not be a cross between soup and water and the supply will be on for a long time. However, comparing with private provident funds, the yields are less attractive. Besides, government-run funds are bound to be stereotyped whereas the rate of contribution to private provident funds may vary according to the wish of the people; they may choose to contribute more, or less.

According to information from an objective or disinterested source obtained in the middle of last year, the actual performance of private pension funds over the past 10 years is such that the median capital gains is 19% a year, which is much higher than the yields of 2% to 4% of the average central

provident fund. Last year, the Liberal Party made a calculation based on a conservative figure, that is, a 12% rate of capital gains for private provident funds, and the finding confirmed the rate of yield for retired people who invest in these funds. If again we do a comparison by adopting the food analogy, such yield would be much better than rice noodle with fish balls or won ton noodle. Perhaps it would be like barbecued pork with rice. Besides, since investment is to be made out of the pension funds, employees can have a share of the fruit of Hong Kong's prosperity. It would be just like improving the rice in the bowl of barbecued pork with rice, and improving the quality of pigs for the pork. In so doing the bowl of barbecued pork with rice would get bigger and bigger in time. Overseas experience shows that this can be done. In such circumstances, one may choose whatever one wants. For example, those who do not like barbecued pork with rice may choose ribs with rice or pork with rice, and those who are lucky enough may even have suckling pig with rice. The present problem is that, as quite a lot of people are not used to barbecued pork with rice, they therefore presume, before the rice is done, that the rice would most likely be nibbled away by rats. For this reason, they ask the Government to "underwrite" it and ensure that they will have the rice. In making such a demand, they have overlooked one thing, that is, if the Government were to "underwrite" it, then everybody would go for nothing less than suckling pig with rice, and would opt for high risk investments. It is because they know that they would be in a sure-win situation. And as the gambling went on and on, the money for buying food would eventually be dissipated and the Government would have to support the expenses from then on. By that time, we would not be having any barbecued pork with rice; we would only have plain noodle. Time and again, the Government has emphasized such a worry, and I think it is justified.

The Liberal Party cannot disregard the fact that there really are people who are not used to trusting private investment and who have confidence only in having the Government safe keep their wealth. Therefore, I think the best system that Hong Kong should introduce would be one in which there are both central and private provident funds, so that members of the public can choose at will. In the course of time, it will be like what it is in Chile, South America, that is to say, people will find that private providents funds will be yielding many times as much as central provident funds and the situation of "being nibbled away by rats" will not occur under appropriate supervision, guidance and safeguard. As a result, most people will switch to private provident funds one after another. By that time, the Government need not worry that the burden will become heavier and heavier. Such a development will install more confidence in the people, and it will be better than the present proposal which offers private providents funds only without any other choices available.

Mr President, since the Government does not offer members of the public any choices, I have no alternative but to settle for the second best by accepting the Government's original motion and opposing the amendment proposed by Mr McGREGOR.

MS ANNA WU: Mr President, I am in support of the Government's motion as well as Mr McGREGOR's amendment of the Government's motion. My support for the Government's motion is based on the simple reason that the Government should be urged to introduce a retirement protection system at the earliest opportunity. The longer we delay this matter the worse it will get and the larger the problem will become. For the last three decades or so, we have procrastinated. Our senior citizens have waited long enough and we should not make them wait any further. Time should not continue to run against them.

My reason for supporting Mr McGREGOR's amendment is equally simple. Those who have toiled and strived for Hong Kong should be provided and cared for during their old age. They have cross-subsidized the younger generation of Hong Kong in terms of education, benefits and standard of life of today. The senior citizens of Hong Kong should not be subject to double jeopardy. They paid their taxes during their working life and should not be deprived of the fruits of their labour. Mr President, reward follows labour. Equity accompanies enterprise, and the heart must override the pocket.

Mr President, before I conclude, I would ask the Government to cautiously consider the following. First, forward risk must be assumed by the system proposed by the Government. Second, insolvency risk must be carefully policed by the Government. Any inability to contribute to the system, in particular, must be made known immediately for corrective action to be taken. I wish to stress that this is not a request for the Government to assume the risk of bad investment.

Thank you, Mr President.

MR ERIC LI (in Cantonese): Mr President, this is the fifth time the current Legislative Council debated the topic of old age retirement protection scheme. This signifies that this Council is attaching high importance to the issue and hoping for a conclusion to be reached so that a pension scheme can eventually be implemented at the earliest possible date. During the first debate on this topic on 11 December 1991, I began my speech by expressing support for the implementation of a compulsory retirement protection scheme. I also proposed to set up a mutual insurance scheme within the fund managing industry and also a government provident fund through which the Government could participate in a limited degree as a manager of one of the funds. Having shown a clear stance, I do not have to rack my brains in "mincing words" for my speech today in order to score marks in the political arena. I do not have to "seek a new and more advantageous position" either. Neither have I to use subtle words in an effort to "avoid the responsibility of causing repeated delays to the scheme", nor do I have to present an image to the public that I have "offered incisive criticisms and that all faults lie with others".

Right from the very beginning, I strongly believe that any decision to be made must take into account the views of all sectors and the overall long-term interests of Hong Kong. So my stance did not change with time nor was it swayed by political persuasion.

(1) *Huge investment to ensure stability*

As matter of fact, the implementation of a mandatory retirement protection scheme will be more costly than the Old Age Pension Scheme (OPS) as the employers will be required to make a 5% rate rate of contribution under the former and only a 3% rate of contribution under the latter. Nonetheless, both the business community and the economists support the former and, at the same time, urge for higher rates under the Comprehensive Social Security Assistance Scheme (CSSA). Obviously, the reason is that they are not ignoring the interests of the labour sector or the elderly. The reason for preferring a, capital-wise, "more costly" scheme to a "less costly" one is simple, as they understand that only a mandatory retirement protection scheme will cater to the ultimate interests of the retirees politically and economically. At the same time, it could achieve long-term stability. A joint rate of contribution of more than 10% by both employers and employees, together with investment returns, would ensure the retirees to receive a pension much higher than \$2,300, which is proposed under the OPS and supposed to be inflation-linked. Knowing that the employees will have reasonably sufficient funds to support their livelihood in old age, the employers would not have to worry that the politicians may try to adjust the contribution rate every year on the ground that inadequate benefits are paid under the OPS, or try to persuade the Administration to set up a central provident fund and various kinds of schemes which aim at "robbing the rich to subsidize the poor". All in all, such measures would result in an unstable investment environment for our society.

(2) *Implementing an existing workable system as per a timetable*

After a long period of debates and analysis, it should not be difficult for the public to realize that various retirement protection schemes as proposed have both merits and demerits on which endless debates can be held. Nevertheless, the only thing we are sure of is that a mandatory retirement protection scheme can be implemented within the shortest time frame as not many legislative amendments will be involved and it will be less contentious too. Moreover, some pension schemes have already been operating within our existing structure and relevant experiences have been accumulated. These are widely accepted by the public as an instrument for investment. As I have just said at the beginning of my speech, it is a task of top priority for this Council to give the Government a clear indication and urge for a timetable for concrete action.

(3) *To work hard during youth to save for a rainy day*

A mandatory retirement protection scheme will also conform to the "self-reliance" spirit which Hong Kong people take pride in. It will, on the one hand, encourage people to work hard during their youth to save for a rainy day while, on the other hand, it will negate the sense of values held by many of reaping without sowing or gaining by unscrupulous means. Old age protection for the non-working population can surely be supplemented by other welfare schemes. With an aging population, a rash decision to implement a scheme which will force contribution from a younger generation for the benefit of the older one will be tantamount to placing a heavy financial burden on the shoulder of our future generation. As a responsible adult, I would not support a scheme which is unfair to our future generation simply to win compliment today.

(4) *Billions of dollars as backup to ensure security*

Numerous technicalities will be involved in the implementation of this scheme. Even if the motion were carried today, there would still be chances to debate it. I therefore would like to call on the Government to respond to my proposal made in public on 12 February this year: that is, to alter the use of the \$10 billion originally earmarked as a start-up fund for the OPS, and I suggested that it should be used to improve funding for the CSSA in the next three years and any residuary funds should be invested in a provident fund mutual insurance scheme and used as a backup for the Government-proposed provident fund scheme. With this backup, the scheme would have immediate and sufficient financial backing which would signify the Government's sincerity and ensure a comfortable future life for the people.

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

MR CHIM PUI-CHUNG (in Cantonese): Mr President, some Members are criticizing the Government again and once more I have to speak on the question of what a government is. In Taipei, before one of the members of the Democratic Progressive Party became the mayor, he used to criticize the government, saying, for example, that the transport condition was unsatisfactory. But now that he has become mayor, he promises that the condition will be improved in two years time. Whether his promise can be fulfilled remains to be seen. Now that party politics has emerged in Hong Kong, many responsibilities have been shifted onto the Government. In fact, the Government is made up of people similar to us. Only that the Policy Secretaries receive higher salaries, have more security and that is all. Hence, we should not shift problems onto the Government all too often, thinking that we are absolutely right and the Government completely wrong and then just earn all the

votes. Will Hong Kong really be ours some time in the future? Hence, only the Governor, Mr Chris PATTEN, deserves to be questioned and criticized. That is because he has given a very clear message to the public on the question of the Old Age Pension Scheme. Mr LAM Woon-kwong has also helped him promote the Scheme. But the Scheme failed. That really made the public feel that responsibilities have been shirked. The Government should learn a lesson. It should only commit itself to doing something which surely can be accomplished and should adopted a more reserved attitude towards matters which cannot be done, leaving no cause for manipulation by politicians.

Earlier on, many Members have stressed that society owes the elderly a lot. The Financial Secretary has estimated in the Budget that the Special Administrative Region Government will be left with no more than \$151 billion by 1997, not including reserves. For the purpose of calculation, assuming there is 6 million people in Hong Kong, everyone will have a \$25,000 share. If each senior citizen got more than \$2,000 a month, he or she would get more than \$20,000 in 12 months. In less than a year, the senior citizen would get his or her own share and, in a year, the senior citizen would get more than his or her own share. Having obtained their own share, does society still owe them anything? Since everyone gets his or her own share, I do not agree that society owes the elderly a lot, as some Members often said. Everyone, not only the elderly, has contributed to Hong Kong's success today. Hence, we should not mislead the elderly into thinking that society owes them a lot and everyone in Hong Kong owes them a lot. That is unreasonable. We should give encouragement to the elderly and make them understand that although they have made a lot of contributions to Hong Kong, the success of Hong Kong does not belong to any group of people alone. We should have mutual understanding. When the elderly are in need, various sectors of society should contribute their efforts and money to help. Many fundraising activities in Hong Kong have been very successful. The Government should encourage such activities and the elderly would feel contented.

Mr President, no system can command unanimous support. Earlier on, some Members have said that after the public has contributed part of their earnings for years, they will only get about \$2,000 or even \$1,000 which is actually less than the \$2,300 to which they will be entitled. I have to ask this question: who will actually be paying \$2,300? Is it a must that the money should go to the elderly? The Government has not as yet decided whether this sum will be given to the elderly and it has already been taken for granted that the elderly will definitely get this sum. If a lesser sum is given, people will be dissatisfied. That is not right and that would mislead the public. On the last occasion, I already said that money to be given to the needy should be called public assistance payment. To call it relief payment may be a bit too harsh. Hence, I think the term social public assistance payment would be more appropriate. Some people are worried that if they tell people that they are receiving public assistance payment, they would become a subject of gossip. I think that kind of thinking is not shared by the majority of the community. I think a means test is necessary because Mr Jimmy McGREGOR has mentioned

the amount of \$2,300 or \$2,500. What is the point of giving money to those who do not really need it? Many Members said \$2,000 or so is too little. Forgive me if I ask Members whether they give their parents \$2,000 or so per month. Some people earn a few ten thousand dollars per month but have they given any money to their parents? If not, why make society do so? Hence, one should examine oneself before criticizing others. Certainly, one should not only give \$2,000 or so to one's parents, one should give about \$20,000. But how many people will do that?

Mr President, there are now four alternatives opened to the Government. First, a central provident fund (CPF). Second, a privately-managed provident fund system (MPF). Third, the Old Age Pension Scheme (OPS) and fourth, to do nothing. Concerning the OPS, the Government has misled us and it has now been resolved that the OPSit will not be adopted. The Government's stance is also clear on the CPF. There are only two alternatives left. One is the MPF, the other is to do nothing. Which of these do Members think is the better alternative? Of course, for everything I said, I said in support of the Government. Support though I am giving, yet I have to urge the Government to work out details of the Scheme after the motion has been carried. Certainly, some Members have criticized the Scheme as a rubber cheque which will bounce, but we are only left with two alternatives. To do something or nothing at all. If people support the Scheme, how about the protection offered by the MPF in the future? I think details can be left for further review. Perhaps we can set up a system similar to the system of insurance for travel agents. As we would have noticed, no travel agency has closed down since the system of insurance for travel agents was set up. Hence, there should be proper arrangements in due course. These are technical questions which should be left for further review.

Mr President, I think the most important thing is that we should do our part to criticize the Government when it has not done enough. However, we should not do so when the Government has already tried its best. In fact, it is easy to please people. Tell electors that great efforts have already been made to fight for their interests. Even if one failed in the fight, one could still say that great efforts had been made.

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

MISS EMILY LAU (in Cantonese): I speak in support of the Government's motion. I hope that the Government will expeditiously commission an in-depth study of the mandatory retirement protection scheme and have the scheme implemented as quickly as possible.

Mr President, as many Members have observed, Hong Kong has indeed wasted many years over the question of retirement protection. The Governor himself has admitted that the Government has done an about-turn twice where this issue is concerned during the current term of the Legislative Council. The

Government has recently resolved to shelve the Old Age Pension Scheme (OPS) and this has sparked off a diversity of responses in the community. To my understanding, it is of grave concern to many citizens that the Government will use this as an excuse for not doing anything on the question of retirement protection and even stall it until 1997 for the Special Administrative Region Government to deal with.

The Government should indeed be reproved for spending so many years to no avail. Nevertheless, I think what should be of paramount importance at the moment would be the speedy implementation by the Government of a mandatory retirement protection scheme. I surely support a mandatory retirement scheme but I am aware of the many shortcomings in this scheme as pointed out by many people. Therefore, I hope that in appointing consultants to undertake a study at an unknown cost again to be borne by taxpayers, the Government can provide a very detailed report which elucidates and addresses various problems across the board. As Members have already brought up many areas of concern this afternoon, I just want to highlight a few points.

Some people oppose the scheme that the Government is currently proposing because they are of the view that the low income group and those who have retired or are going to retire as well as people outside the workforce cannot benefit from the scheme. This is obviously a reality since a retirement protection scheme can perform its role of providing pension benefits only after the scheme has been implemented for several decades. Contributors are benefited only when pensions have accrued to a certain level. The mandatory retirement protection scheme is not implemented due to the shortsightedness on the part of the Government over the years. If we do not effect its implementation today, several decades later, our next generation will ask the same question — why do we not have retirement protection?

Some have raised the question of whether the Government should give assistance to those who are not covered by the scheme but are in need of financial assistance. Putting retirement protection on one side, the answer to this question is, doubtlessly, in the affirmative. In his speech on 9 November last year when the OPS was debated in the Legislative Council, the Secretary for Education and Manpower said that he was conscious of the fact that many old people who are ineligible for Comprehensive Social Security Assistance (CSSA) payment are constantly in financial straits. Mr President, I am very astonished that while the Government is aware of such a situation, nothing has been done at all to rectify it. I think the Government should produce immediately statistics showing how many tens of thousand of old people in our community are in such a miserable plight at present. We should relax the criteria for means test based on which the elderly people's applications for CSSA are considered so as to render the necessary assistance to the elderly people. Even if the Government resorts to a tax increase under the circumstance, the community, including the business sector, I believe, will certainly give their support.

I, however, do not support Mr Jimmy McGREGOR's amendment. I would support an increase in CSSA payment and the normal old age allowance provided that a reasonable criteria for means test is instituted under the scheme. I disagree, however, with the proposal that any person who is of a certain old age is to receive a sum of money per month irrespective of financial means. In fact, the objective reality is that our social resources are limited. If the elderly people are in need, the Government has to take care of them even if a tax increase is required. But the Government simply cannot "dish out money to every person", which will only lead to a waste of resources. I think resources should be spent on persons who have the genuine need.

Another point of contention over the mandatory retirement protection scheme is whether the Government or taxpayers should provide "guarantee" against losses. Many colleagues have spoken in this regard. So I do not wish to go on any further. I am of the view that this is totally unacceptable. If a document was tabled at the Finance Committee asking for the provision of guarantee against losses, I would certainly ask at the very outset how much it would cost. Then you replied, 'I cannot tell. Anyway, you have to pay whenever problem arises.' To me, this would be so ridiculous. On no account can I pledge this commitment on behalf of the people of Hong Kong. But, Mr President, it would be more practical for the Government to include in this Bill the institution of a good and sound regulatory system to prevent theft and fraud. I believe that the Government recognizes that this is what the community is asking for. Should the Government fail to do so, the Bill introduced by the Government would not be able to secure the majority support of Members.

Besides, there are also criticisms which concern investment risk. Many people have become terror-stricken particularly in the wake of the Barings incident. I therefore hope that the consultancy report, which is to be tabled at this Council for examination in the future, will give a full explanation of how investments can be safeguarded against risk. Speaking on this aspect, I support Mr Marvin CHEUNG's plea for the provision of data by the Government to this Council, listing out the rate of return that different kinds of retirement protection schemes will produce. Some people are indeed bitterly worried lest the rate of return should be very low. Contributors might eventually get nothing after decades of contribution. If this is really the case, we would have to be very careful in contemplating whether members of the public are genuinely in support of this scheme.

Some people are opposed to the implementation of mandatory retirement protection. They hold that citizens should not be forced to maintain savings and that the Government cannot possibly force someone to make a contribution without guaranteeing the rate of return. Mr President, this is a matter of principle. I have to take sides on this matter. I support the establishment of the mandatory retirement protection system. I think we might need to force our citizens to make preparations for their future. Some may refuse to do so; some may be unwilling to or may have forgotten to do so. Such being the case, we have to force them to do so. Yet, while they are forced to do so, they will have

to know in the meantime that they are given the guarantee that they can receive a sum of money in the future. If the benefit a contributor receives in the future is insufficient to sustain the basic needs of life, surely the Government must provide for these needy people through the social protection scheme, namely the CSSA payment.

Mr President, I think the Government should now put forward a timetable telling us what the next move is and when the consultancy report on this scheme will be put before this Council for discussion. Some fear that supporting this motion today is like giving the Government a cheque with which the Government can do whatever it likes. It is incorrect to say so. The legislative procedure, as I said earlier, will take a very long time and it might not be completed before 1997. In this connection, I hope that the Government will immediately appoint consultants to compile the consultancy report based on which discussion with Members will be held. I hope that even if legislation cannot be in place before 1997, a good foundation may well be laid for this matter to be taken forward.

With these remarks, I support the motion.

MR ROGER LUK (in Cantonese): Mr President, understanding that vicissitudes give rise to chess game gambings, while playing chess turned one into non-action. Now it has been more than two years since the Administration and different political parties deployed their chessmen on the chessboard in a bid to gain an upper hand on the choice of retirement protection scheme policy, bringing the game into a stalemate. Nothing has been achieved since then, and thus the Administration could only resort to non-action. However, for the general public whose rights both sides claim to safeguard, there is no alternative but to keep on waiting earnestly. Now, after some re-manoeuvering, the chess game starts anew. However, if both sides continue to take the usual battalion position against each other, then it would not be hard to predict the outcome.

In fact, the two sides diverge mainly on the role to be played by and the level of commitment on the part of the Administration. Political parties demand that the Administration should undertake directly the responsibility of instituting a public provident fund scheme or, better still, a central provident fund scheme. But the Administration, adhering to its long-standing market-oriented financial policy, is satisfied with confining itself to the role and responsibility of a promoter and monitoring body. The Old Age Pension Scheme (OPS) proposed the year before was only a decoy with which the Administration inched its way forward under the guise of recoiling so as to free itself once and for all from the pressure of establishing a central provident fund. The move was made with such sophistication that it was hardly noticed by anyone.

The major argument against the OPS is that the discrepancy between the adjustment rate of the OPS payments and that of the wages simply cannot be left unheeded for long. But once these two rates are pegged, the Administration

will get bogged down with a financial burden in the same way as some western countries are presently entangled. In fact, neither is central provident fund immune from this same political pressure. Should the rate of investment returns of the provident fund fail to catch up with the inflation rate or, worse still, turn out to be negative, the Administration will be put under the same pressure to make up for the discrepancy with an appropriation of public funds, resulting in a financial liability on the public account. For this reason, it is more a natural than a surprising course for the Administration to revert, under the force of circumstances, back to the original mandatory retirement protection scheme advocated in mid-1992. The problem is whether the mechanisms for preservation and portability initiated by the Administration this time are practicable.

The retirement protection scheme proposed by the Administration will be entirely under private management with financial independence, but subject to prudential supervision to safeguard beneficiaries. At the same time, there are also mechanisms for preservation and portability so that the scheme will operate with the benefit of a central provident fund. The Administration seems to be attempting, wishfully, to gain support by means of such subtle arrangements under which the political parties' demand for a retirement protection scheme can be satisfied without any financial commitment on its part. However, whether this wishful thinking will work is quite another matter.

If there are no mechanisms for preservation and portability, the Administration argues, the retirement pension will turn into a severance payment, and the original purpose of retirement protection will be defeated. Furthermore, if the beneficiaries may take their accrued benefits when changing employments, and the benefit they are entitled to on retirement are too meagre to sustain their living, then public expenditures on social security are bound to increase as a result, putting an unfair burden on society.

These arguments are indeed specious. As a matter of fact, preservation and portability are more an integral part of a central provident fund scheme than an aim which the scheme seeks to achieve. For this reason, to transplant these mechanisms to a mandatory retirement protection scheme which is privately managed is merely putting the cart before the horse and can only be counter-productive.

First of all, different retirement protection schemes should take on different investment risk and returns strategies in line with the different backgrounds of beneficiaries. For this reason, to legislate for the transfer of accrued benefits as beneficiaries change jobs is little less than adopting a central provident fund under the name of a privately managed retirement protection scheme. That is neither fish nor fowl, and is much less realistic.

Secondly, inherent in any retirement protection scheme are mechanisms which encourage the employees to stay on, so that the longer their years of service, the more benefits they are entitled to. But the mechanisms for

preservation and portability run against this principle. Employees are certainly free to choose their jobs, but frequent job swapping may over-wear the economy of the society as a whole, a situation comparable to breaking the window on one hand and repairing it on the other. It should not be encouraged.

Thirdly, a distinction has to be made between a defined benefit scheme and a defined contribution scheme, for the two work on different principles. Arrangements for portability have technical constraints which render it, in my opinion, impractical. To stipulate by law that the mandatory retirement protection scheme is to be founded on defined contribution (i.e. provident fund) so as to facilitate the setting up of a mechanism for portability, is tantamount to trimming one's toes to fit the shoes, or taking the effect as the cause.

The mandatory retirement protection scheme has been widely criticized as being out of touch with the actual needs of our society. There are even warnings that if a reasonable level of benefits is to be reached, the protection fund has to be engaged in high risk investments. Criticisms along this line can be summed up as follows:

1. Perspective retirees are not effectively protected, while those already retired are left entirely unprotected. There is no such thing as a free lunch. For those who have never contributed anything during their employments, they would have accrued nothing and so cannot benefit on their retirement.
2. It cannot provide adequate protection for the mediocre income employees. As low-waged employees do not have much to put aside, they may not have accrued enough benefits to sustain their living on retirement. But it is under such circumstances that social security should function in providing protection at a basic subsistence level.
3. It cannot provide protection for people not in employment such as housewives, so they will be deprived of economic independence on retirement. If they are not employed, there is no retirement to speak of. Since they have never been financially independent, why would they want to be independent on "retirement"? Furthermore, a couple is like birds perching on the same tree, why should there be a distinction between the two?

The worry concerning the investment risks of the fund is indeed a specious one. It also reflects that those critics have only half-baked knowledge as to how a security fund is run. All retirement protection funds, whether it is privately managed or publicly run, would aim at a rate of investment returns that can catch up with the inflation rate. The claim that privately managed schemes would adopt a high risk high returns strategy while a public scheme would do otherwise is just wishful thinking arising from ignorance. As a matter of fact, if any scheme, whether it be private or public, is to catch up with the

inflation rate, it would have to invest in the securities market in order to yield capital appreciation. Whether an investment is high risk or low risk is only relative. The risk involved in securities investment is certainly higher than that of bank deposits, but it does not necessarily follow that the former is a high risk investment.

Mr President, nowadays about one third of the employees in Hong Kong are already protected by various voluntary retirement protection schemes. To extend the coverage by mandatory arrangement so as to benefit all employees is just a natural step, and there should be no cause for objection. But of course specific details, such as the prevention of fraud, have to be carefully drawn up, so that all persons under the scheme will truly benefit and be fully protected.

The same subject was debated in this Council two years ago, and I believe nobody on this day would like to see this Council still dragging on with this same issue and keep going round with no direction at all. It is also undesirable to make the general public continue to wait with eager anticipation and to let Government bear the bad name of "extending its benevolence even to animals, and yet failing to take good care of the people under its rule".

Finally, the amendment proposed by Mr McGREGOR is well-intentioned, but it would be irresponsible of this Council if the amendment were carried before its financial implications have been studied in detail.

Thank you, Mr President.

MR FRED LI (in Cantonese): Mr President, I shall not discuss the merits and demerits of a privately-run pension scheme and a publicly-run pension scheme anymore in my speech today because such discussion would be superfluous. The Government is "putting on a show" and has been in high profile all along. I have re-read the Hansard report on the motion debate by this Council on the Old Age Pension Scheme moved by Mr TAM Yiu-chung on 9 November last year. Mr Andrew WONG has rightly raised a query just now and I read the Hansard report one more time. The Governor said that he had read the report only too well, but I believe that he had only read it selectively or he had put on some sort of spectacles when reading it. I have perceived that at least eight Members expressed very clearly in their speeches their support for the Old Age Pension Scheme. Just now Mr Michael LEUNG has repeated after the Governor that only one Member in the Legislative Council unconditionally supported the Old Age Pension Scheme. The Governor even pointed out on television that the Member was Mr Jimmy McGREGOR. I have re-read Mr McGREGOR's speech. Towards the end he said that the Hong Kong Democratic Foundation would support the Old Age Pension Scheme but he also suggested a number of changes for the Government to consider them in order to improve the Scheme. He did not support the Scheme unconditionally. Hence, I do not understand what the Governor or the Government was saying. The Hansard record of the 9 November sitting was not an age-old product that came out 10 years ago but a

very recent one. I have read it very carefully. I hope that Mr Michael LEUNG will give a reply as to what had exactly happened that made him say that only one Member supported the Scheme. I am absolutely outraged. In their speeches that day, Members from the Democratic Party also clearly expressed their support for this Scheme while adding that they hoped to have three parties contributing to the fund and at the same time to have a central provident fund scheme in place. The Democratic Party has not said "no" to the Old Age Pension Scheme; instead, it has emphasized that the Scheme must be implemented before 1997. I say this to express my anger, to express my resentment against the Government and to articulate my reproof of Governor PATTEN. Actually, he is "play-acting"; he is just using the Legislative Council to back out without losing face. I am seldom so angry. The Legislative Council has debated the retirement protection issue many times, perhaps six or seven times. And since I joined this Council, it has debated the issue five or six times. What really is the matter?

The Government published a consultation paper in October 1992 concerning the proposed mandatory retirement protection scheme. At that time Mr PANG Chun-hoi stated at a meeting of this Council the labour sector's demand that the Government should monitor the fund effectively and shoulder a greater share of the risks. But he did not totally negate the merits of the proposed mandatory retirement protection scheme. But at the end of 1993, the Government suddenly unveiled an Old Age Pension Scheme of a completely different nature. It said that it would not carry out the mandatory retirement scheme because the scheme had too many shortcomings and therefore it put forward the Old Age Pension Scheme instead.

By mid-1994, the Administration formally published a consultation paper. Mr LAM Woon-kwong, the then Acting Secretary for Education and Manpower, hotfooted all over town to defend the Old Age Pension Scheme. It was a high profile gimmick. He appeared on television, on the radio or in any forums and took his critics' attacks on the chin, but he whole-heartedly defended and explained the Scheme and displayed the attitude that the Old Age Pension Scheme would be implemented no matter what. Some Members criticized him for the way he sought to sell the Scheme. Members questioned why the approach was not consultative and why the Administration failed to show an open mind and listen to others' views. They questioned why he leapt to his defence of the scheme every time; why he invariably refuted those, including Legislative Council Members, who held opposite views. I still remember those incidents well.

By the beginning of this year, the Government said that because of the diversity of views, the community had not reached a consensus and only one Member supported the Old Age Pension Scheme. So it had to shelve the Scheme and dust off the mandatory retirement protection scheme for presentation again to the public. This act of the Government is most regrettable. I firmly believe that there will not be any scheme in place before 1997 as the Government has no intention at all to set up any retirement plan for our elderly people. As for the

Comprehensive Social Security Assistance Scheme (CSSA), we have to wait till the end of this year or the beginning of next year before the results of an ongoing review will be available for scrutiny. The Government said one moment that it had to do a review; it said the next moment that it needed to listen to the experts; and then it said yet another moment that it had to conduct a consultation exercise. It is just using all excuses available to break the promise it previously made. I have looked up the Hansard record of all the Legislative Council's discussions on the retirement protection issue for the past few years and I have the feeling that the Government has no intention at all to implement any retirement protection plan for the elderly in our community. The Government has neither the courage nor the determination nor the sincerity to do so.

The amendment proposed by Mr McGREGOR urges for a substantial increase in the normal and high rate Old Age Allowances, generally called the "fruit money" and the CSSA respectively. As for the CSSA rates, this Council has reached a consensus. Members from various parties as well as independent Members absolutely support the suggestion that the basic CSSA rate for the single elderly person should be raised to \$2,500. Nevertheless, as regards whether the "fruit money" should be raised substantially to \$2,500 a month, we have the following consideration. The CSSA and "fruit money" are two fundamentally different social welfare and social security systems. The Democratic Party very much appreciates Mr McGREGOR's insistence on his principle and his effort in bringing to pass improvements to the elderly's welfare. Yet if all elderly people of 65 years or above should be given "fruit money" of \$2,300 or \$2,500 without being means-tested, we believe that this would become a heavy financial burden and would affect the allocation of Government resources and budgetary plans, as well as other welfare plans. And so it must be handled with care. Therefore, after detailed discussion, Members from the Democratic Party will abstain from voting on this amendment motion of Mr McGREGOR's. We appreciate his enthusiasm but we cannot support such a plan the impact of which in terms of the financial burden it would impose cannot be fathomed.

Mr President, these are my remarks.

MR TAM YIU-CHUNG (in Cantonese): Mr President, I do not object to the inclusion of a mandatory provident fund system as part of retirement protection. However, in the absence of sufficient information for Members' reference, the Government has in effect asked Members to support a bare framework of the "mandatory, privately-managed occupational retirement protection system" (MPF). That I object to. If Members vote in support of the Government's motion today, does that mean that in the future they will have to shoulder all the responsibilities which might arise from the system? I would therefore vote against the motion.

On this occasion, the Government has entirely departed from its usual practice. It has not submitted a comprehensive proposal to the Legislative Council, nor has it carried out full consultation. The Government hastily moves this motion in a month's time to urge Legislative Members to make their positions clear. This approach is inconsistent with the stalling tactics that has been adopted by the Government over the past decades on the question of retirement protection. I think there can only be two purposes which the Government wishes to achieve. First, through the enactment of an Ordinance on a mandatory, privately-managed provident fund system, the British Hong Kong Government will be answerable to the people before its withdrawal in 1997. Second, by getting the motion carried, the Government wishes to tie the hands of the Legislative Council so that Members and other groups can no longer campaign for the Central Provident Fund (CPF) and the Old Age Pension Scheme (OPS), putting an end to the controversy over the question of retirement protection which has been going on for years.

Mr President, when the government put forward the MPF, it expressed its intention on paper to take up responsibility in case of theft or fraud. However, it has repeatedly refused to bear the investment risks of the provident fund, that is to say, to underwrite it. It has merely indicated that rules will be made to regulate insurance companies. Although a well drafted Banking Ordinance has been in force in Hong Kong, six banks and 13 insurance companies have closed down over the last 10 years for financial reasons. The Maxwell incident in 1992 and the recent Barings incident have demonstrated that the problem of risks cannot be solved simply by having the laws in force.

The Government has now proposed a mandatory system, forcing the public to join a retirement scheme which offers no guarantee that the full amount of contributions will be recovered. If an insurance company closed down because of investment failure or mismanagement, a large sum of hard-earned contributions of the public over tens of years would go down the drain. Would the Government then look on with folded arms and simply say, "Sorry, hard luck"?

Government officials have also stressed that the public could choose to invest in insurance companies which are financially sound. However, it is the employers who really have the right to choose which insurance company to invest in. Even if the employees are dissatisfied with the choice, they cannot change their employers' decision. An obvious example is the recent Caritas provident fund incident. Hence, the only choice open to the ordinary employee is the choice of which employer to work for. The Government's claim of a "right to choose" is only self-deluding.

Besides, the Government has admitted that the administrative costs for a mandatory provident fund system would be high and it has been estimated by those in the trade that the administrative costs would be as high as 10%. Hence, will the Government's proposal "enriches" insurance companies and financial

institutions which will administer the provident fund scheme rather than providing real retirement protection for the public?

The Hong Kong Government has also agreed that it would be more difficult for small businesses to join the provident fund scheme. Hence, the Government would set up a residual pool scheme for employers of these businesses. Since the Government is willing to set up a residual pool scheme and, considering that at present 80% of all employers of Hong Kong are owners of small businesses, why does the Government refuse to adopt the CPF?

The Government has often quoted Singapore as an example to emphasize that the rate of return of the CPF is extremely low. That is only an excuse not to adopt the CPF. The CPF can use the Land Fund as a reference. The Government can collect contributions from all the employers and employees, give the money to different fund managers for investment and ensure that the rate of return should reach a certain percentage each year.

Furthermore, even if the Government were to adopt the MPF immediately, the retired and those about to retire would still be left out in the cold. Hence, the Democratic Alliance for the Betterment of Hong Kong (DAB) would continue to urge the Government to adopt the OPS.

Besides, the DAB also agrees that the rate of old age allowance payment should be increased. However, as regards Mr Jimmy McGREGOR's amendment which proposes to increase the rate to \$2,300, the DAB is concerned that it would create too heavy a burden on the Government, and we therefore find it hard to support the amendment.

Mr President, these are my remarks.

MR JAMES TO (in Cantonese): Mr President, I do not want to go into other details but just want to make it clear at the outset that I speak "to seize on the Government's mistakes". I would like to quote the points contained in a speech made by the former Acting Secretary for Education and Manpower, Mr LAM Woon-kwong, during the debate held on 15 December 1993 in order to illustrate the hypocrisy of the Government and demonstrate how the Government vacillated and changed. The following are quotations from Mr LAM's speech.

Mr LAM said on that day and I quote:

"There were, broadly speaking, three major criticisms against mandatory Retirement Protection Scheme (RPS): First, it would be unfair to force the public to entrust their savings to private investment agencies. Second, the proposed system would be very complicated, expensive and difficult to administer. Third, RPS would not cover those outside the workforce,

including those who have already retired and those who are going to retire. Our review, together with the technical advice from our consultants, convinced us that these criticism were valid, and that these problems were indeed more severe than was originally believed."

Mr LAM further pointed out and I quote:

"A mandatory privately-managed RPS would have to be invested in stocks and shares to yield meaningful benefits. Such investments involve the risk of losses, for which there is no viable insurance cover than a government guarantee. But it would not be fair to ask taxpayers to underwrite such losses."

He continued with his analysis and I quote:

"RPS would require huge bureaucracies to vet, regulate, and to settle disputes arising from the large number of private schemes. RPS would impose a heavy administrative burden on employers and employees, without the guarantee of commensurate benefits."

Lastly, Mr LAM said that the Government had reached the following conclusion:

"RPS is not an option that we should recommend, and the Government remains convinced that it is not the right way forward for Hong Kong. It is because it would impose heavy administrative burdens, produce uncertain returns and require underwriting by the taxpayers. But, worst of all, this would leave the bulk of the community uncovered for another 30 years or more."

The above is the speech made from the Government. The Government may eat the words if it wants to recant today, but this is certainly not how a responsible government should behave. Mr LAM spoke on behalf of the Government and a scheme so adversely criticized by him at that time is now being recommended to this Council. Is it not out-and-out hypocrisy? Mr Chris PATTEN, as the Governor, should not have driven his subordinates into such a difficult position. If he has the slightest thought of "fooling" the people of Hong Kong or "staging a show", please go back to the United Kingdom to stage his own show. Do not make Mr LAM say something one day only to be retracted by Mr Michael LEUNG on another day. Senior officials are cutting a sorry figure. I wonder if any official in the Government is resolute and courageous enough to point out the reason why such a political decision was made at that

time. What is the reason for those high-ranking officials to stage such a show to "fool" both the public and their own colleagues? They are not responsible persons with moral courage, are they?

Mr President, I so submit.

MR WONG WAI-YIN (in Cantonese): Mr President, the Democratic Party has been very discontented with the Government for its vacillating attitude and its tactics in playing with public opinion on the issue of retirement protection for the elderly. In addition, looking at the actions taken by the Government in handling the matter recently, I think this Council should strongly condemn the Government for what it has done.

Firstly, we can see from this incident that the Government is trying to shirk its responsibility by turning to the Legislative Council. As far as I recall, two weeks ago, when we discussed the Private Member's Bill proposed by Mr Michael HO on controlling the importation of labour, the Government rejected the Bill once again on the ground of guarding the executive-led style of government. But now the Government shirks all the responsibility for providing retirement protection to let it fall onto the Legislative Members and even threatens that if the Members do not give their support this time around, there will be no other retirement protection schemes. The Government seems to suggest that here is a bowl of "congee" in front of you, namely, the mandatory privately-managed provident fund scheme (MPF), take it or leave it.

In pursuing an "executive-led" style of government, is the Legislative Council being regarded as a haven? Does it mean that power goes to government officials whilst blame is put on the Members? The Chief Secretary, Mrs Anson CHAN, said in public that all relevant information about the MPF would be furnished to the Legislative Council. However, the Education and Manpower Branch is still reluctant to disclose the *Wyatt Consultancy Report* dated November 1993. While asking the Members to express their will, the Government fails to provide them with adequate information. Is this the sort of behaviour we should expect of a responsible government?

With regard to the MPF scheme, the Government has failed to offer explanations to the public on many policy issues. The Government argues that the newly proposed scheme differs from the one referred to in the consultation paper on retirement protection back in 1992. This is rather a lame argument. In fact, both are MPF schemes by nature, only with some structural difference in certain aspects. Since the outline of the new scheme proposed by the Government happens to coincide with the recommendations in the *Wyatt Consultancy Report*, we have to point out the areas of concern identified in the said Report.

The *Wyatt Consultancy Report* is significant in that it studied the risks in investment and assessed the level of pension. These are the problems that every MPF scheme has to face. The *Wyatt Consultancy Report* made comparisons of financial security offered by various provident fund schemes being implemented by a number of countries. According to the Report, among those countries, only Chile and Australia are under the system of mandatory privately-managed provident fund. In the Chilean system, the government powerfully supervises the scheme, undertakes to provide financial security against losses in the last resort to ensure a minimum level return on the investment of the funds and, at the same time, strictly regulates the investment strategy of privately-managed fund through the enactment of legislation. In the Australian system, there is even an indemnity fund designated to provide safeguards against the collapse of insurance companies.

At present, in no territory in the world can you find a MPF without financial guarantee for investment losses like the one put forward by the Hong Kong Government being implemented. It will be highly risky if Hong Kong is to implement such a scheme. More importantly, the *Wyatt Report* assessed that if employees are to receive pensions of a reasonable level at retirement, the provident fund will have to be invested in stocks and shares which are of higher risks. In the light, it is not feasible at all to rely solely on a privately-managed provident fund scheme as a form of retirement protection. If the MPF is the only scheme available to society, it will only be effective provided that the returns yielded are substantial. And in order to yield substantial returns, the scheme administrators will have to invest in high-risk instruments. However, without any measures taken by the Government to provide financial guarantee for investment losses, the MPF scheme will eventually become a time bomb.

Some Members suggested that only losses resulting from theft or fraud and to be borne by the Government, but it is hardly practicable. Take the Baring's fiasco for instance, is it a result of investment failure or fraud? Which portion of the loss is incurred by the act of fraud? It is very difficult to tell in a short period of time. According to the recommendations in the *Wyatt Report*, about 800 to 1 100 staff members will be required if the Government is to have the MPF in place. This is only a rough estimate on the minimum level of human resources the Government has to provide. If a special supervisory body is to be established, the resources involved will surely be more than that.

The Democratic Party is of the view that so long as the Government decides to implement the MPF, the price it has to pay in terms of undertaking and resources will be rather similar to that for a Central Provident Fund (CPF). Why is it that the Government does not opt for a CPF which provides a better security for the public? The Government rejects the CPF on the ground that the MPF will offer more choices. In fact, the Government is only sticking to some empty slogans. We fully agree that our citizens should enjoy a high degree of freedom. However, there are a lot of legislation and policies in the community that serve to protect public interests whilst restricting the freedom of personal choice. Not choices of all kinds will essentially bring merits. Besides, for most

of the pension schemes, the decision-making power in relation to investment is vested in employers. By offering more choices, the Government is indeed providing more chances for employees to choose among various private funds for investment. I would like to point out that the CPF does not deny individual subscribers the right to make their own decisions on investment. Rather it gives employees the right to decide on investment strategy. Judging from the number of persons who enjoy the freedom of choice, the CPF, in effect, offers more choices than the MPF does.

Many people compare the MPF with the CPF in terms of the rate of return. This is somewhat misleading. As far as investment strategy is concerned, the MPF adopts a high-risk high-return approach while the CPF adopts a low-risk low-return approach. Moreover, for countries implementing CPF schemes such as Singapore, although subscribers may be offered a rather low interest rate, their savings are used by their government for investment in economic development. We have to bear in mind that in comparing the interest returns between the MPF and the CPF, the overall rate of return brought by economic development is not taken into account. To sum up, the Democratic Party views the MPF proposed by the Government as a very high-risk investment scheme and, in the end, the contributors will possibly lose every penny they have saved. For this reason, the Democratic Party will not accept the scheme.

Finally, Mr President, I want to quote a story from the Book of Zhuangzi. In the story, there was a person who fed the monkeys. He gave the monkeys three acorns in the morning and four in the evening. But the monkeys were not happy about that. Eventually he promised to give the monkeys four acorns in the morning and three in the evening. The monkeys were very happy then. So, in this Council, who are the "monkeys" who vascillate between three and four? We will be able to tell when we come to a show of hands in the subsequent voting.

MR ANDREW WONG (in Cantonese): Mr President, I rise to speak against the motion moved by the Administration. I may support the amendment proposed by Mr Jimmy MCGREGOR. However, even if his amendment is carried, I will still oppose the original motion as amended. It is because I think that the Mandatory, privately-managed Provident Fund system (MPF) is much worse than the Old Age Pension Scheme (OPS) which the Administration proposed in 1994 but abandoned in 1995. The following are the few simple reasons for my argument:

(1) *Unprotected population exceedingly large*

Some 800 000 elderly retirees will not be under the protection of the new scheme, and neither will 600 000 housewives, nor 400 000 disabled people (unemployed or low-paid), nor 250 000 employees who are receiving a monthly salary below \$4,000, totalling 2.05

million people. On top of that, there are 300 000 self-employed or employers (some of them may be well-off but some may be broke) who will not receive any protection either if they do not make any contribution. Therefore, the unprotected population under this scheme amounts to 2.35 million in total. On the contrary, the OPS can provide protection to these people. Moreover, immediate protection is available. Quite a number of Honourable Members mentioned various kinds of food a moment ago. Dr LAM Kui-chun mentioned won ton noodles, fish ball rice noodles and the like. But the problem is that under the new scheme, even though fish ball rice noodles are being served, many people will still be unable to share a of taste the food. Even though they are entitled to have fish ball rice noodles, they will have to wait for a very long period of time before it is their turn to have the noodles. People will be starved to death if they are only allowed to eat the noodles after waiting for decades.

(2) *MPF benefits much less than the OPS benefits*

The benefits derivable from the new scheme are much less than those from the OPS. And 1.3 million members of the public with income level below the median wage will be affected. This figure is not coined by me but is quoted from the quarterly published by the Census and Statistics Department for the period from January to March 1994. Assuming that after contributing for 30 year, a contributor can get back a lump sum at the age of 65; and assuming that the contributor can live for more than a decade afterwards, what he can receive monthly will be less than \$2,300. Besides, the entire working population is 2.7 million. If one third of them are approaching retirement, even though they contribute to the fund for the rest of their working period which is less than 15 years up till the age of 65, the benefits that they can draw will definitely be less than \$2,300 per month. If we take the fish ball rice noodles mentioned by Dr LAM Kui-chun as an example, the contributor can only taste the fish ball rice noodles after 10 years. And even if the contributor can afford to wait for 15 years, he can only get the rice noodles without fish balls. On the contrary, the OPS can definitely provide each elderly person with \$2,300 per month. Furthermore, it will not deprive the employers and the employees of the freedom to participate in other provident fund or retirement protection schemes.

(3) *High investment risk*

It was reported in the press on 5 March that as pointed out by Mr Graham STOTT of the Wyatt Company, the consultants appointed by the Government, that the rate of investment return on the provident funds in the year 1994 was 13.3%. According to the

press report title, the rates of investment return for the past five years were extremely low, and the returns were very disappointing. The OPS, however, is basically operating under a totally different concept. It offers protection for the next generation as well as mass protection, and has nothing to do with investment risk.

(4) *No protection against fund management companies going bust*

We have no protection against poor performance in fund investment. The scheme proposed by the Administration has insurance against fraud, deception and theft (the so-called comprehensive insurance). Assuming that the fund can accumulate about \$50 billion per year, there will be \$500 billion after 10 years. If 2% of it is set aside as comprehensive insurance cover, there will be around \$10 billion in 10 years time. Again assuming that this \$500 billion fund is managed by 10 different investment companies, each company has to managed about \$50 billion of the fund. In case one of those investment companies goes bust because of fraud, the situation will get out of hand, because it is \$50 billion from the fund that the company has to manage. If an incident similar to the Barings fiasco happens — later found out to be a case of fraud though it may be — the situation will still get out of hand. As a matter of fact, \$10 billion of insurance is unable to cope with any situation involving \$50 billion, particularly if it is not fraud, but poor performance, which caused it. Dr TANG Siu-tong and Mr WONG Wai-yin also referred to the same problem a moment ago, which, on the other hand, will be never occur with the OPS.

(5) *Exorbitant administrative costs*

Due to portability of benefits, whenever an employee changes employment, his account will be settled according to the rate of return on that day before transferring to another company. Since different persons leave their posts on different dates, the administrative costs thus incurred will be very high. And naturally, this kind of administrative costs will be paid out of the fund. For cost-saving purpose, we can designate the rate of return on a specific date, say 1 April of each year, to be the rate of return for the whole year. But still, this is not fair. It is because the performance before or after that date may vary. If, for example, the Government has designated 10 investment companies for an employee to choose from, so that the employee only has to notify his new employer of his chosen investment company when he changes employment, and the employer will still have to shoulder huge administrative costs, whereas the OPS does not have that shortcoming.

(6) *Creation of unrest*

Mr Vincent CHENG also mentioned this point earlier in respect of which he has made a very good analysis. Once the MPF is implemented, there will be a huge impact. An overwhelming majority of the existing pension schemes are not genuine pension schemes, in the sense that the employees can draw full benefits when they leave their employment. However, the MPF specifies that an employee can only draw full benefits when he retires at the age of 60 or 65. This may mean that all the benefits which an employee is entitled to claim will be frozen. As a result, many people will be tempted to leave their job or change jobs. No such problem will arise with the OPS.

Therefore, I cannot support the MPF which is not comprehensive, not immediate, low-yielding, risky, unprotective, costly and liable to shocks from excessive job mobility. Let me take the example of food again. An orange is different from an apple, but you can have both. Similarly, you can have both the fish and the bear's paw. If you are to choose only one item, you can pick the orange or the bear's paw first. But it does not mean that you have to give up the other item. In fact, you can have both.

PRESIDENT: Mr McGREGOR, I believe you wish to respond to the request of some Members for elucidation.

MR JIMMY McGREGOR: Yes, Mr President. A number of Members have asked me whether I meant that there should be means testing in a system of increased old age allowances. I did not state a specific increase in these allowances, and I did in fact include reference, although the wording is not so clear, to the fact that I meant to include a specific means test for all allowances, not simply for the lower allowances. Thank you.

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, with your indulgence, I would like really to respond in full to the proposed amendment and the speeches made by Members this afternoon, and to put my response at this point in time because it is important that the motion I propose must proceed unamended if the intention is to set up the MPF within the timeframe which I have described in my speech.

With the amendment as proposed, it will be unacceptable to the Government for the reasons mentioned by myself and the Secretary for Health and Welfare. So I will try to answer all the points raised this afternoon by Members on why in fact it is important that the Government's motion should proceed unamended, and to answer the points raised by various Members arising from this debate.

First of all, I would like to correct some misconceptions raised by some Members in distorting facts and trying to misquote a number of points made on previous occasions. First of all, on the debate in November last year, I think as a matter of record in the Hansard — as Members can read for themselves — that of the Members who spoke on the motion only one Member, Mr McGREGOR, spoke in unqualified support to the OPS as presented by the Government. I stress these words "as presented by the Government". All those who spoke somehow for the OPS in some way have qualifications — qualifications so fundamental as to affect the concept, the basic concept of the OPS as presented by the Government. For instance

MR ANDREW WONG: A point of elucidation, Mr President.

PRESIDENT: Do you wish to give way, Secretary? It is up to you whether you wish to give way?

SECRETARY FOR EDUCATION AND MANPOWER: No, Mr President.

PRESIDENT: You do not wish to give way?

SECRETARY FOR EDUCATION AND MANPOWER: No. For example, many Members have raised the question of government contribution — tripartite funding. This changes fundamentally the nature of the OPS as we propose, therefore it is not a support of the OPS as we saw it. Secondly, those Members who supported the OPS as they said also wanted the CPF in addition to the OPS. Again, how can this be a support of the OPS as we presented it to this Council? And thirdly, many who spoke so-called in support of the OPS also wanted to have the Old Age Allowance increased as well. So, Mr President, how can we say that those who spoke allegedly in support of the OPS are really in support? None of them, none of them except Mr McGREGOR gave us the whole-hearted support of the OPS without qualifications. This is a matter of record and Members can read for themselves the Hansard on 9 November 1994.

MR ANDREW WONG: Mr President, a point of elucidation.

PRESIDENT: Do you wish to give way, Secretary?

SECRETARY FOR EDUCATION AND MANPOWER: I do not wish to give way.

MR ANDREW WONG: I simply wish to ask whether or not you have read my speech

PRESIDENT: No, Mr WONG, please. You know the rules of order.

SECRETARY FOR EDUCATION AND MANPOWER: Secondly, Mr President, on the point raised by one Member allegedly referring to my previous colleague's quotation in this Council last year on the demerits, so-called demerits of the RPS, can I remind that Member that the RPS was based on the 1992 Paper. All he said against those points in the RPS were the 1992 Paper on that particular system. It was not, it was not, I stress, relevant to the MPF which I have outlined this afternoon. They are different things. Let me explain why they are different.

Members, of course, mentioned also the need to get the *Wyatt Report* in 1993 on the RPS system. Again they are different systems and I will explain why they are different. I am very surprised, in fact, that Mr Michael HO is trying to distort things and trying to pull the wool over our eyes to say that we are now trying to hide the RPS report from Members because this is relevant to this debate. And my answer: it is not relevant. let me explain why.

The RPS in 1992 called for all employees in full-time employment under the age of 65 to participate in retirement protection schemes unless specifically exempted. There will be no minimum wage level for making contributions. Even those on very low salaries still needed to contribute. That was the 1992 system. It allowed a concept of preservation of benefits without portability, without portability in that when an employee changes job he would have been able to leave his accrued retirement benefits frozen in the previous employer's retirement scheme. There was no provision to deal with those employers who might not be able to find retirement schemes in the open market for their employees. There was no provision for any scheme to deal with benefit losses caused by fraud or theft. Let me ask you, is this the same as the MPF I have just outlined? All these features are different from this present scheme which I outlined. How can they be relevant in the present scheme?

We are not asking Members to endorse an RPS or even an amended version of it. We have since moved on as Members will be aware from the information we gave them earlier on before this debate and this afternoon. The MPF will differ from the RPS in many respects. First of all, there will be a residual pool scheme to deal with those employers who are not able to find coverage elsewhere in the open market. Secondly, there will be a minimum salary level for contribution purposes to recognize that those on low incomes may find it difficult to make a contribution. Thirdly, there will be provision for a scheme to deal with benefit losses due to fraud or theft. And fourthly, we will not be allowing preservation without portability. We want both preservation and portability in the MPF system. This is not the same as the RPS,

as we recognize the concern expressed over this issue in connection with the previous consultation on the RPS in 1992. In short, the two systems are totally different. It is totally irrelevant to quote them as the arguments against the MPF.

Let me go to one more point. The report on the RPS used financial calculations based on the interest rates and market conditions at that time. That is at least two years ago. It also talked about complying and exempt schemes. These concepts are not relevant, not applicable to our discussions on the MPF, on the principles of the MPF this afternoon. It would therefore be totally inappropriate and totally misleading for some Members of this Council to deliberately distort the pictures to mislead the public and this Council into believing that we are trying to have the two schemes mixed up together. They are not. They are different schemes. The MPF as presented is a new scheme with new features and improvements on the old features, and it can address the needs of the people at this point in time. I am sure Members will understand this. These are very different. Therefore the quotation of my colleague, Mr LAM, was totally out of context and totally misleading.

Going back to the main points in the arguments, I am sure that those Members who have said in support of the OPS with qualifications must now be regretting they have done the wrong thing. I am very sorry for them. They cannot retract because it is on record. They said in support with qualifications, plus CPF, plus all these allowances, plus everything. I am sorry. It is too late to change their minds now. It is on record and the public knows that they have not supported the OPS as presented. They cannot change their minds now or correct the record. I am so sorry for them. But that is a fact, Mr President. It is on record in the Hansard. You cannot change it now. You cannot deceive the public.

Coming back to the MPF as we presented this afternoon, I would like to respond to a number of points of detail which, made by Members who spoke in support, I am fully appreciative. First, the question of security for retirement benefits. Let me stress once again that we have already got in place a system of legislative controls, regulations and prudential supervision. The Occupational Retirement Scheme

PRESIDENT: Dr YEUNG Sum, a point of order or a point of elucidation?

DR YEUNG SUM: Can I ask for an elucidation?

PRESIDENT: Do you wish to give way, Secretary?

SECRETARY FOR EDUCATION AND MANPOWER: No, Mr President.

DR YEUNG SUM: Mr Michael LEUNG was saying

PRESIDENT: You will have to sit down because it is for the Member speaking whether he gives way or not, Dr YEUNG Sum. That is Standing Orders.

SECRETARY FOR EDUCATION AND MANPOWER: Let me stress once again that we have already got in place a system of legislative controls, regulations and prudential supervision. The Occupational Retirement Schemes Ordinance, what we call ORSO, requires scheme assets to be maintained separately from those of the employer and to be held by independent trustees or authorized insurers. It also imposes restrictions on the investments of scheme assets. Loans to the employer and investment in certain company shares are not allowed. No more than 10% of the scheme assets may be invested in securities issued by the employer. Scheme administrators, that is, trustees and authorized insurers, are required to keep proper accounting records of the scheme assets and to submit audited annual accounts and returns in respect of the scheme to the Registrar of Occupational Retirement Schemes. Under the present Ordinance, the Registrar is obliged to report on non-compliance with contributions and investment restrictions, and may take interventionary action under the present system now. It can do so. Furthermore, members of the scheme are entitled to have access to information about the assets of their scheme. Authorized insurers and registered trust companies which manage the retirement schemes are subject to supervision by the authorities. Insurers are required to observe investment rules and regulations promulgated by the Insurance Authority. The trust companies must be registered with the Registrar of Companies under the Trustees Ordinance and meet the registration requirements of that Ordinance. Proposals are in place to strengthen regulations of investments of trust assets.

These measures are part of the Government's role in ensuring prudential supervision and regulation of existing voluntary schemes. As I have said, we recognize fully that in a situation where contributions are mandatory, we must strengthen the regulation of fund managers and our system of prudential supervision. And this we shall do. It will be an important part of our consultant's brief. Furthermore, within the MPF and with the collaboration of the insurance and fund management industries, we will develop a system to compensate for losses brought about by unlawful activity. But I want to stress once again what we will not do is to provide a guarantee against investment risk. To do so would be counter-productive as it will encourage the sort of aggressive and unscrupulous fund management we must avoid.

I would like to perhaps address some Members' concern about the Government's role in this and government contributions. I am very pleased Members did remind us of our responsibility in this respect and I am pleased to say that the Government is prepared to consider the provision of a one-off

capital contribution towards any fund or scheme that is set up to deal with benefit losses due to fraud or theft.

Secondly, on the question of preservation and portability. The purpose of any retirement protection system must be to ensure that an employee has accrued enough benefits by the time he leaves the workforce to allow him to enjoy a financially-secure old age. For this to happen, we cannot let the employee simply take the benefits away with him each time he changes a job. Certainly we will need to ensure that preserved accrued benefits are transferred from one employer's scheme to the next upon change of job. The best way of doing this is one area where we will need further advice from the consultants. However, this must not detract us from the need to include these necessary concepts as an integral part of the MPF. I should stress that preservation by itself is not the answer. This was pointed out to us very clearly in submissions on the October 1992 RPS which warned of loss benefits and a multiplicity of small accounts leading to unnecessary administrative work for employers. Preservation and portability must, therefore, go together.

I welcome Members' general support for the residual pool scheme which we have proposed in this MPF system. As I said in my main speech, we expect the majority of employers to be able to find a scheme administrator in the private sector by themselves. Those who for one reason or another cannot do so will be able to participate in the residual pool scheme. Again, this is an area we need to work very closely with the insurance and the fund management industries.

I should like also to respond to a point made by some Members on the relationship between the long service payments, severance payments and the MPF. Members will be aware that these were designed at a time when there was little retirement protection. We were concerned about the difficulties that workers, especially elderly ones, might face in finding another job. These measures were introduced to help them over such difficulties. At the same time, we tried to encourage the provision of voluntary occupational retirement schemes. There is already provision in the Employment Ordinance to allow for the setting off of an employer's benefit payments under a retirement scheme by the amount payable for severance payments or long service payments. Mr President, it is not our intention to change this arrangement, but we will seek our consultants' advice to examine this relationship between the two systems and the proposed MPF.

I think Members are aware that the MPF will have an impact on existing schemes, both within the Civil Service and other sedentary schemes. Again this is an area where we will have to need to find consultants to look at the technical points in more detail and come back quickly with answers to the impact on these problems.

I take Members' point that the MPF will be, as they said, meaningless for those on a low income. But I do not agree with them. We are providing those employees on a low salary with an opportunity to participate in an investment where their contributions will be pooled together to provide a meaningful return. We must not look at investments over the short term but over a longer timeframe and we may expect contributors to benefit accordingly.

It is also possible that if the very significant funds that will be accumulated under the MPF scheme were to move on in a concerted manner across the exchanges, this would have, in fact, implications for the monetary management system. Again we will be looking at these measures with great care and ensure that they advise a system to look after this impact.

I note that some Members have expressed concern on the rate of return. This, of course, is a key consideration. The rate of return on privately managed retirement funds has been high in Hong Kong over the long term with even those funds regarded as average performers having a return of 7% to 8% after inflation. This is considerably higher, better, than the likely rate of the CPF. I should stress that a high rate of return will provide contributors, even those on a low income, with more retirement protection in the long term. Let me also point out that investment returns on retirement funds, like other long-term investments, fluctuate from year to year. The majority of investment or retirement schemes in Hong Kong are long-term investors. The success of a scheme must be measured by its average investment performance over a longer time horizon. It is misleading to quote one year's result as a measurement of investment in the long term. I note from a recently issued survey of Hong Kong retirement schemes in 1994 that while 1994 was a disappointing year, as significant falls in the Asian stock markets affected returns of those schemes with a heavy concentration of assets in those markets, over the longer term returns remain ahead of salary inflation.

Mr Vincent CHENG mentioned the point and expressed concern over the effect of retrospective preservation. Scheme participants are, of course, free to terminate an existing scheme any time they want to in accordance with the terms of the scheme. But most, I am sure, will realize that it is usually through long-term investments that any pension fund scheme would bring the maximum benefits, and they will not easily trade a well-run scheme for the immediate freedom from the requirement under the MPF to preserve their accrued benefits. It is simply not in their interest to do so. In any event, a sufficiently long grace period will be provided for employers and employees to comply with the MPF requirements or to wind up their schemes. There is no reason, therefore, to assume that it would take collective action to wind up all at the same time.

Mr President, today we have reached a milestone in our long road towards establishing a retirement system for Hong Kong. The results of the vote on the motion as I put before this Council will determine whether we move down the road towards the goal of a mandatory, privately managed retirement

system or to stop the journey right here. If we get clear support from this Council on our proposal as embodied in my original motion and not as amended, we will proceed with appointing a consultant to look at the details and come back to this Council as soon as possible on details. We will also start drafting legislation and come back to this Council with the primary legislation. The timeframe: we try to get initial report from the consultants by the end of April and to come to this Council with a primary law before the end of this Session if Council endorses my motion this afternoon. This is our timetable. We cannot lose any more time. Every day counts. Every week counts in these preparations. It is a tall order but the Government is prepared to take up this challenge and respond to Members' concern and the community's concern with this matter, and we hope Members can approve the motion unamended and make sure we have this mandate from Council to proceed as I have recommended. Thank you.

MR ANDREW WONG: A point of elucidation.

PRESIDENT: Well, I think the Secretary has a right not to give way. He has sat down. It is a two-stage interruption, Mr WONG, as it has been explained in a circular supplemented by me, and that is that a point of elucidation can be taken if the Secretary or Member speaking is prepared to give way. It is quite clear that the Secretary has declined any invitation to elucidate. But I am prepared to ask if he wishes to elucidate without having heard your question. Secretary, do you wish to provide any form of elucidation at all, or do you wish to hear the question?

SECRETARY FOR EDUCATION AND MANPOWER: No, Mr President, no.

8.00 pm

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

ATTORNEY GENERAL: Mr 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.

PRESIDENT: Mr Michael HO, I understand you wish to make an application under Standing Order 28(2) that enables you to explain some part of your

speech which has been misunderstood. And if I permit, you may explain, but you shall not introduce new matter.

MR MICHAEL HO (in Cantonese): Mr President, in his reply just now, the Secretary for Education and Manpower has made certain allegations to the effect that my speech has been misleading. I do not know which part of my speech is misleading, Mr President, but I would like to reiterate that I believe a universal pension scheme and the mandatory privately-run pension scheme are both privately-run provident funds and have many features in common, such as the investment situation risk factors and so on. These are all facts; that is, I had no intention to deliberately mislead anybody or lump the two different pension systems together in my speech. This point I have to make very clear. As regards his allegations, the Secretary will have to advance substantive arguments to point out which part of my speech has been misleading. Thank you.

Question on Mr McGREGOR's amendment put.

Voice vote taken.

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

Mr Jimmy McGREGOR claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

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

Mr Andrew WONG, Dr LEONG Che-hung, Mr Jimmy McGREGOR, Miss Emily LAU, Miss Christine LOH and Ms Anna WU voted for the amendment.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Dr David LI, Mr PANG Chun-hoi, Mr TAM Yiu-chung, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Mrs Elsie TU, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Mr Roger LUK and Mr James TIEN voted against the amendment.

Mr Martin LEE, Mr SZETO Wah, Mr Albert CHAN, Mr Vincent CHENG, Mr Marvin CHEUNG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin and Mr LEE Cheuk-yan abstained.

THE PRESIDENT announced that there were six votes in favour of the amendment and 24 votes against it. He therefore declared that the amendment was negated.

PRESIDENT: Secretary for Education and Manpower, you have elected to make just the one speech. So I will not call on you to reply further.

Question on the Secretary for Education and Manpower's motion put.

Voice vote taken.

The Secretary for Education and Manpower claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

PRESIDENT: We are still one short of the head count. All right, we are all accounted for. Are there any queries? If not, the result will now be displayed.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Dr David LI, Mr PANG Chun-hoi, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Mr Jimmy MCGREGOR, Mrs Elsie TU, Mr Vincent CHENG, Mr Moses CHENG, Mr CHIM Pui-chung, Mr Timothy HA, Dr LAM Kui-chun, Miss Emily LAU, Mr Eric LI, Mr Steven POON, Dr Samuel WONG, Mr Howard YOUNG, Miss Christine LOH, Mr Roger LUK, Ms Anna WU and Mr James TIEN voted for the motion.

Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Dr LEONG Che-hung, Mr Albert CHAN, Mr Marvin CHEUNG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr Conrad LAM, Mr LEE Wing-tat, Mr Fred LI, Mr MAN

Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin and Mr LEE Cheuk-yan voted against the motion.

THE PRESIDENT announced that there were 28 votes in favour of the motion and 21 votes against it. He therefore declared that the motion was carried.

BILLS

First Reading of Bills

TAI LAM TUNNEL AND YUEN LONG APPROACH ROAD BILL

CREDIT UNIONS (AMENDMENT) BILL 1995

GAS SAFETY (AMENDMENT) BILL 1995

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

Second Reading of Bills

TAI LAM TUNNEL AND YUEN LONG APPROACH ROAD BILL

THE SECRETARY FOR TRANSPORT moved the Second Reading of: "A Bill to grant a franchise for the design, construction and operation of a tunnel and associated roads linking Ting Kau to Au Tau; to provide for the maintenance of the works within the area subject to the franchise, the payment of tolls to the franchise holder for the use of that area by motor vehicles and the regulation of vehicular traffic in relation to such use; and for matters ancillary to and connected with those purposes."

He said: Mr President, I move that the Tai Lam Tunnel and Yuen Long Approach Road Bill be read the Second time.

Purpose of the Bill

The Bill now before Honourable Members provides for the award of a 30-year franchise to the Route 3 (CPS) Company Limited to build and operate the Tai Lam Tunnel and the Yuen Long Approach Road. The tunnel and the approach road will form an integral part of Route 3, providing a vital strategic corridor serving the northwestern part of the New Territories. This will be a dual three-lane facility about 10 km in length, linking Ting Kau Bridge in the

south and New Territories Circular Road at Au Tau in the north, together with an interchange to connect with the Yuen Long Southern Bypass.

Importance of the project

Members of this Council and the Administration have long shared a common objective: to secure the early construction of the Tai Lam Tunnel and Yuen Long Approach Road Sections of the Route 3 (Country Park Section). The project is urgently needed to provide relief for traffic congestion in the northwest New Territories, particularly along Tuen Mun Road. Upon its completion, the journey time between Ting Kau and Au Tau will take about 10 minutes. This compares very favourably with travel via Tuen Mun Road, which at present can take 50 minutes or even longer, depending on traffic conditions. What is equally significant is that upon the opening of the new facility, we expect traffic congestion in Tuen Mun Road to be reduced by about 25%.

The new road will also facilitate cross-border traffic, which is vital to our economy, and will allow further development in the northwest New Territories.

The proposed franchise

Our proposal is to implement this project under the terms of a "Build, Operate and Transfer" (BOT) franchise. This is in line with the Government's policy of optimizing private sector participation in the construction and operation of our road infrastructure. Otherwise, government resources in the region of over \$7 billion would have had to be allocated to this project, at the expense of other vital community projects.

The proposed franchise is modelled on that awarded in respect of the Western Harbour Crossing. The project documentation consists of the Bill before Members today, which seeks to award the franchise, and the project agreement which defines in detail the financing, design, construction, operation and maintenance requirements. We propose in clause 4 of the Bill that the BOT franchise should be awarded to the Route 3 (CPS) Company Limited. The package offered by that Company is the best bid received following a very competitive tendering exercise and intensive negotiations. Mr President, let me now highlight some of its key features.

Project costs

The Company's budgeted project cost of \$7,254 million, in money of the day, is the lowest received from the three tenderers. Any cost overrun will be borne entirely by the shareholders of that Company.

Construction period

The Company has offered a very aggressive construction schedule of 38 months. This is the shortest construction period proposed by any of the three

bidders. Road users will therefore be able to benefit from this much needed facility at the earliest possible time. And again, if the franchisee delays the completion of the facility, then the Company must bear the loss of revenue that will result.

Opening tolls levels

The opening toll levels are set out in Schedule 1 of the Bill. Members will note that the initial tolls, which are in 1998 prices, are highly competitive. The tolls for private cars and double-decked buses, for example, are at \$15 and \$45 respectively. Furthermore, under Schedule 3 of the Bill, there will only be three anticipated toll increases over the entire 30-year life of the franchise. We must also remember that there will be no compulsion to use the tolled road. Motorists will still be able to use the Tuen Mun Road or Tolo Highway free of charge in their journeys to the urban area, and this factor will also act as a brake on future toll levels.

Toll adjustment mechanism

The proposed toll adjustment mechanism for the franchise, explained in Part X of the Bill, is almost identical to that introduced for the Western Harbour Crossing, but with some simplification and refinement. The object of the mechanism is to provide the Company with a reasonable but not excessive return whilst maintaining a low and stable toll regime for road users. I must stress that the toll adjustment mechanism is an inseparable part of the BOT package, because without a degree of certainty on the part of the Company to earn sufficient revenue to service its debts, bankers simply would not lend the Company this money to finance such a costly project.

For the avoidance of any doubt, let me spell out that the mechanism will not guarantee the Company any level of revenue or rate of return. All it does is to allow the Company the opportunity to earn over the 30-year life of the franchise revenues which could give them an average return of 15.18% on their investment. Nor does the mechanism automatically allow the Company to have future toll increases. This is a common misconception. The franchisee must provide annual audited accounts. The Government will carefully examine these to see whether the conditions for allowing a toll increase under the mechanism have been met. The Government will have the power to dispute the amounts, and in the event of failure to reach an agreement with the Company, the matter will be put to an independent expert for arbitration.

Moreover, under clause 38, any revenue over and above a set limit will be placed in a Toll Stability Fund which may be used by the Government to defer any future toll increases. At the expiry of the franchise, any amount remaining in the Toll Stability Fund will be retained by the Government.

Supervisory powers of the Government

The Government will have supervisory powers under the franchise to ensure that the Company operates the facility safely and efficiently, and that it meets its obligations under the franchise. These supervisory powers are similar to those adopted in the case of the Western Harbour Crossing, but with a number of improvements including:

- (a) providing the Government with the power to impose financial penalties on the Company for default or breach of the Ordinance and the project agreement;
- (b) requiring the Company to make public the financial and operational information which is reasonably requested by the Government; and
- (c) providing that the Government can direct the Company to make bylaws relating to safety matters.

Conclusion

Mr President, the Administration is convinced that as a result of a highly competitive tendering exercise, the Bill before Members provides a very attractive package allowing the construction of this facility in the shortest possible time and at the lowest cost to users over the whole franchise period. It should be noted that the Company will have to bear considerable market risks, for example, with regard to traffic volumes, interest rates during the construction period, possible cost overruns, and unforeseen delay in the construction schedule. The Government is not required to provide any financial support or guarantees to the Company, whether in respect of traffic volume, the completion dates of connecting infrastructure or any commitment not to build competing infrastructure in future.

The target Base Case IRR of 15.18% for the project compares very favourably with other similar BOT projects in the region, which require IRRs in the range of 15% to 25%, and which in most cases include government support or guarantees.

Within the limits imposed on us by the need to maintain strict confidentiality during the tendering and negotiation process, I have endeavoured to keep Members of this Council informed of progress in drawing up the franchise and of its key terms and conditions. Now that the Bill has been published, I look forward to working with the Bills Committee in seeking Members' support for the early enactment of this legislation to grant the franchise.

Mr President, with these remarks, I commend the Bill to Honourable Members.

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

CREDIT UNIONS (AMENDMENT) BILL 1995

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to amend the Credit Unions Ordinance."

He said: Mr President, I move that the Credit Unions (Amendment) Bill 1995 be read a Second time.

The purpose of the Bill is to simplify the procedures for winding up a credit union. Winding up of a credit union normally becomes necessary when the original common bond of association between the members has dissipated and the union is consequently no longer carrying on business. Under the Credit Unions Ordinance, the procedure for winding up a credit union follows the complex provisions for winding up a company under the Companies Ordinance. In the interests of efficiency, the Registrar of Credit Unions has proposed that the procedure for winding up a credit union should be brought broadly into line with the simpler procedures for winding up a co-operative society under the Co-operative Societies Ordinance.

The Bill proposes that the Registrar of Credit Unions, rather than the Court as at present, be empowered to cancel the registration of a credit union on specified grounds and to appoint a liquidator, whom the Registrar intends should be one of his staff.

The Bill also sets down the powers of the liquidator and the powers of the Registrar to control the liquidation. It provides that any person aggrieved by an order of the Registrar to cancel the registration of a credit union may appeal to the District Court.

Mr President, I commend the Bill to this Council.

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

GAS SAFETY (AMENDMENT) BILL 1995

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to amend the Gas Safety Ordinance."

He said: Mr President, I move that the Gas Safety (Amendment) Bill 1995 be read a Second time.

The purpose of the Bill is to provide for control, in the interests of safety, over the carrying out of construction works in the vicinity of gas pipes.

The Bill has three main provisions. First, it enables the Governor in Council to make regulations to control the carrying out of works in the vicinity of gas pipes and increases the maximum penalty that may be provided for in regulations made under the Gas Safety Ordinance to a fine of \$200,000 and imprisonment for 12 months and, in the case of a continuing offence, a daily penalty of \$10,000.

Secondly, it enables the Gas Authority to inspect works in the vicinity of a gas pipe and to require such improvement measures as he considers necessary in the interests of gas safety.

Thirdly, it enables the Gas Authority to intervene in the interests of safety when there is a failure to comply with an improvement notice and provides for recovery of the cost of any improvement measures which it is necessary for the Authority to take from the person who has failed to comply with the improvement notice.

If enacted by this Council, the Bill will be followed by a new regulation requiring that construction works should not be carried out near a gas pipe unless its position has been checked and steps taken to ensure that it will not be damaged by the works. The regulation will provide that a person not taking all reasonable measures to protect a gas pipe from damage arising out of his construction works will commit an offence and be liable on conviction to the new maximum penalty proposed in the Bill.

The Bill will be brought into effect six months after enactment to allow time for the new regulation to be made, for a code of practice to be issued by the Gas Authority and for the gas supply companies and the construction industry to adjust to the new requirements.

Mr President, these proposals reflect the Government's concern at the frequent damage to gas pipes through careless construction and excavation works. There were 120 such incidents in 1994. Though the consequences of most of these incidents were — thankfully — relatively minor, damage to a gas pipe may cause fire or explosion, posing a risk to workers, the general public and property in the vicinity. The proposals that I have outlined aim to minimize the potential for such hazards. I therefore commend the Bill to Members.

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

PRIVATE MEMBER'S MOTIONS**REHOUSING OF ROOFTOP STRUCTURE OCCUPANTS**

MR ALBERT CHAN moved the following motion:

"That this Council expresses dissatisfaction at the Government's policy on the clearance of rooftop structures and the rehousing of the affected clearerees, and requests that the Government conduct a territory-wide occupancy survey of rooftop structures and review the relevant clearance and rehousing policy as soon as possible. The review of the rehousing policy should be conducted in accordance with the rehousing policy for squatters and with a view to rehousing rooftop structure clearerees in local public housing estates as far as possible."

MR ALBERT CHAN (in Cantonese): Mr President, I move the motion standing in my name on the Order Paper.

Mr President, to provide low income people with housing has all along been an achievement that the Government prides itself on. No doubt, the scale of public housing in Hong Kong is unparalleled in the world. However, Hong Kong is also notorious for the yawning gap between the rich and the poor as well as social inequalities. Rooftop structures represent the symptom of this social problem. People by tens of thousands are still being crowded into these rooftop structures that are potentially dangerous. Not only has the problem of rooftop structure shown that the Government's performance in preventing illegal structures from coming into existence is unsatisfactory, it has also shown that there is ample room for improvement on the part of the Government in terms of construction of public housing.

The social background of rooftop structures is just the same as squatter huts, that is, low income people or people who are not eligible for public housing and who are unable to afford renting private premises have to find for themselves a place to live. If they did not even have these rooftop structures to stay in, they would become street sleepers. Since the Government's efforts in getting rid of illegal structure are feeble, and there has not been any plan to cater for these people's housing needs in the Government's development of public housing, the problem of rooftop structures keeps intensifying and growing. The fact that over a long time the Government has been lax in taking enforcement action against rooftop structures has led many people, especially those immigrants who came to Hong Kong not so long ago, to believe that rooftop structures are permissible under government policies. In the past, the Housing Department refused the application of "owners" of rooftop structures for public housing on the ground that they owned property. Thus, people were forced to make rooftop structures their permanent homes.

On one hand, we agree of course that rooftop structures should be got rid of so as to ensure the structural safety of buildings. But on the other hand, for reasons mentioned above, we certainly appreciate the difficulty occupants of rooftop structures are in, and we are of the view that the Government's strategy of "demolition first and rehousing later" is not appropriate. The reasons are as follows:

1. In the past, the Executive Council had decided that the same policy should apply in rehousing rooftop structure occupants and squatter hut occupants. However, when it came to the execution of the policy, what rooftop structure occupants got was far incomparable to that of squatter hut occupants. In 1982, the Government carried out a territory-wide registration exercise for all the occupants for squatter huts, so that allocation of public housing units could be arranged. However, occupants for rooftop structures were required to prove that they had already become occupants of rooftop structures on or before 1 June 1992, and they would only be granted public housing units if they also satisfied other requirements. Such a difference in treatment for rooftop structure occupants is clearly unfair.
2. Since occupants of rooftop structures will only be granted rental public housing until if they can satisfy very strict requirements, most occupants can only be housed in temporary reception centres. Being moved into these places means a lot of inconvenience for residents both in terms of work and of looking after the elderly and young members of the family. Also, the collective living environment of temporary reception centres is far below standard living conditions.

In view of the serious defect in the present rehousing policy, the Democratic Party has time and again asked the Government to review and revise the policy, and it has also asked the Government to conduct a territory-wide occupancy survey of rooftop structures. Unfortunately, the Government has been evading the issue.

It has also refused to conduct the territory-wide survey, giving the reason that it would be technically impossible to freeze the number of rooftop structure occupants, and the department concerned said that there was not enough manpower for this kind of work. Clearly these are mere excuses. In the early 1980s, Hong Kong was troubled with the question of its future and was also facing economic difficulties. However, the Government was determined to solve the problem of housing for 0.8 million hillside squatter hut occupants and proceeded to carry out a large-scale registration exercise for squatter. To date, several hundred thousand squatter hut occupants have been rehoused in public housing units in this way. Government officials are well aware of this precedent, but they are still disclaiming responsibility on behalf of the Government, which is reprehensible.

If the Government is still not determined to remedy the situation today, it is foreseeable that the problem of rooftop structures will become rampant. Recently, a member of the public complained to me that he happened to have seen someone constructing a rooftop structure during the night, and it was completed overnight. When he reported the case to the Buildings Department, staff of the department actually told him that the illegal structure had been completed and it posed no danger to people, and that would only be classified as a structure for priority demolition action if it was yet to be completed. This is clearly the result of an inappropriate policy formulated by the policy branch concerned and of an inappropriate allocation of resources by the Finance Branch. If cases similar to the one mentioned above continue to occur, the number of rooftop structure occupants will multiply within a short period.

In fact, as early as 1986, I had already brought up the issue of rooftop structures in the meetings of the Tsuen Wan District Board and asked the Government to address the problem. The reply made by the then Buildings and Lands Department was that with the limited manpower they had got, they were unable to take action against all the illegal structures, but they would give priority to those cases in which life was being endangered or those in which the process of construction was going on. This reply was precisely the same as the explanation we have heard recently. It has been nine years since then, and the official dealing with the matter at that time has now become a head of department, but the problem of rooftop structures remains unmitigated. Instead, it has gotten worse. The Government ought to think over the implications. In the Budget recently published, we still cannot see any improvement made by the Government on manpower and resources to solve this problem. I am afraid that the problem of rooftop structures would ride the through train and have a smooth transition to 1997 and beyond.

Mr President, the Hong Kong community is one where gross inequalities exist, and the "underprivileged class" who neither have the power nor the wealth are all along being neglected. Rooftop structure occupants are such a group. And as an institution that represents the people, the Legislative Council is duty-bound to listen to them, to reflect their views and to urge the Government to provide suitable service to such an "underprivileged class".

The Democratic Party is making three requests in this respect:

1. that a territory-wide occupancy survey of rooftop structures be conducted;
2. that a strategy of "rehousing first and demolition later" be adopted; and

3. that affected clearerees be rehoused in the same district as far as possible.

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

Question on the motion proposed.

MR LEE WING-TAT (in Cantonese): Mr President, I speak in support of Mr Albert CHAN's motion. I shall not repeat the points raised just now by Mr CHAN and would only like to bring up four points.

The first point is about the principle of the housing policy. Other Members have also discussed this in their speeches. The Housing Authority, and even the Housing Society, may go about their work in two different approaches. One approach is to provide housing on the basis of needs. That is, those who are most in need would have priority in the allocation of housing. The other approach is to work according to a pre-determined programme. Obviously, the Government is planning for the construction and allocation of public housing to a pre-determined programme, rather than the principle of need. Why do I say so?

If the housing policy dictates that housing resources are to be allocated on the basis of needs, then those who are most in need, the poorest and the least able to help themselves should have priority in the allocation of housing. We consider that both bed space apartment tenants and street sleepers fall into this category; however, neither the Government, nor the Housing Authority, nor even the Housing Society includes these two groups of people in the committed programme. We only hear government officials say that street sleepers and bed space apartment tenants must apply to the Government and wait for their turn on the Waiting List for public housing. Therefore, an element of luck is predominant in Hong Kong's present housing policy. If one is lucky enough to be included in the Government's housing programme, then even though his needs may not be as great as some other people, he would still be allocated public housing. For example, if you are living in temporary housing area, you are eligible for public housing under the present policy even though you have been living in Hong Kong for less than seven years. I think Mr Dominic WONG is also aware of this situation. Compared with those who have lived in rooftop structures for 10 to 20 years, the residents of temporary housing areas are more fortunate as the Housing Authority and the Housing Department have removed such restrictions on eligibility criteria.

With regard to policy, the Government has from time to time stated that enough housing units have been built and adequate land set aside for the implementation of long-term housing strategies or to enable those who are in need of being allocated public housing. But I have to reiterate one point: the Government's repeated statement that there are enough land and housing units is, in fact, a specious argument put forward by the Government, just the same

one it used when this Council one or two weeks ago debated on whether there were enough land and housing units. Such argument is a specious one because the Government only caters for the housing needs of certain intended target groups which are included in its programme while the needs of those who are excluded from its programme are not accounted for.

I have just mentioned that under the Government's present programme, it is expected that by 1997, three quarters of those who are on the Waiting List will be allocated public housing, and by then all urban squatter areas will be cleared and temporary housing areas done away with. But who have been excluded? They are the street sleepers, bed space apartment tenants and rooftop occupants whom I have talked about, and to a certain extent those on the Waiting List who have waited for a long time. It is just not true to say that sufficient land and housing units have been set aside to cater for those in need. We only have sufficient land and housing units to accommodate those who have been included the committed programme, but our policy has failed to provide commitment to many others. Moreover, we have never any explanation as to why people have to live in Hong Kong for at least seven years before they are eligible to apply for public housing. Many children from Mainland China are entitled to nine years' free education, so why is there a seven-year residence requirement for housing eligibility? I can never understand why new immigrants who have come to live and work in Hong Kong and pay tax as others have to live in Hong Kong for at least seven years before they are eligible to apply for public housing. Of course, some may argue that, but for this requirement, those who have already waited for a very long time for public housing would have to wait even longer. However, if we look at it from another angle, such a problem would not have occurred in the first place if there were sufficient land and housing units. In fact, we have disregarded the demand for housing of many who are in need, so much so that Mr Dominic WONG could claim that 140 000 rental flats would be enough.

A moment ago, Mr Albert CHAN talked about the inconsistencies in the policy which I will not repeat here. In short, the Government is now handling the clearance of squatters in a manner different from the rehousing of rooftop occupants and there are inconsistencies in policy. Therefore, I invariably feel very indignant when I hear someone, or even the Governor, say that if rooftop occupants are to be rehoused, they would be jumping the queue. Actually, who is jumping whose queue? Some rooftop occupants have been living in Hong Kong for one or more decades, but still cannot live in public housing while those who have only lived in the temporary housing for a few years, and some may not even have lived in Hong Kong for a full seven years, are now eligible for public housing. Who are indeed jumping the queue?

I would like to raise a point which is seldom mentioned in the discussion of this issue. In order to resolve the present problem, we have to work on the very fundamental, that is, how to contain the further increase in the number of rooftop structures, as the rehousing policy must base on the assumption that the population of rooftop occupants would not keep on increasing. With regard to

this point, the Government has not done anything. We can find real estate agents everywhere openly engaging in the seemingly legal transactions of rooftop structures. Obviously, fraud is involved in these transactions. These agents who are engaged in the transaction of the land where a rooftop structure is situated have claimed at the same time that the land and the structure thereon may be legal. Many new immigrants, and even some Hong Kong citizens, are unaware of the trickery, and have become victims of such fraud after making the purchase. Yet we have never considered whether it is possible to prohibit the transaction of this kind of land and structures by real estate agents through legislation or other means.

Secondly, should we mislead people into believing that rooftop structures are legal, just for the sake of the meagre revenue from rates and other taxes? I think the Government should review this matter.

Thirdly, if the Government discontinues the provision of public utilities, such as water, electricity and telephone service, to the new rooftop structures, we could reduce the number of their increase to the minimum. Of course, the occupants may illegally connect their water and electricity supply, but with regular patrols, we should be able to stop such activities.

Fourthly, I would like the Buildings Department to reflect on the question as to whether it is capable of checking the continuous increase in the population of rooftop occupants and give us an answer. If it is incapable of so doing, we will be very disappointed.

Mr President, I do not want to dwell on this matter too much. I think the Government should face up to the problems of this policy matter and deal with them accordingly.

Thank you, Mr President.

MRS SELINA CHOW (in Cantonese): Mr President, the stability and prosperity of a society depend on whether the public can live and work happily. We put "live happily" in front of "work happily" because we cannot concentrate on our work and plan for our future if we do not feel at ease at home.

Over the years, Hong Kong is facing a serious housing problem for we have too many people and too little land. The construction of public housing lags far behind public demand. We have endured this problem for a long time, hoping one day that it will be solved. For those grassroot people who do not have the chance to live in public housing in the meantime, they have to wait year after year or try to resolve the housing problem themselves.

Concerning these people, rooftop structures or caged homes are their temporary solutions. "Who would choose to become bald when one can have hair?" No one would like to live in illegal rooftop structures if one can live in

public housing. The community should be sympathetic to their situations and this issue. Some people would prefer to look at the issue as either black or white. However, in reality, there exist many grey areas in the problem of rooftop structures. Many inconsistencies can be found in the basic policy. We cannot attribute the blame to any single party.

If we portray the problem in simpler terms, we again see the "ostrich policy" of the Administration. It simply shies away from addressing the need of those people who are waiting for decent accommodation. The Government seems to be planting an invisible but potentially disastrous time-bomb. The residents of the rooftop structures thought the Administration was out of reach. It could not take care of their needs in the short run. Therefore, they took the initiative to solve their own problem. Surprisingly, this ostrich suddenly launched an attack, chasing after them and uprooting their dwellings. It is absolutely unfair to put all the blame on the residents regarding the problem of rooftop structures. Basically, the Administration failed to address the root or source of this problem. And this failure is what caused the present trouble and the Administration should shoulder all the responsibility.

When we look back at history, it would be meaningless and non-constructive to indulge in recriminations. The Liberal Party would like to make the following suggestions, hoping the Administration can implement them as speedily as possible.

Firstly, the Administration should conduct an occupancy survey on all the rooftop structures to confirm the occupants' housing demand. If they are eligible for public housing they should be informed immediately to apply; if they are non-eligible, they should be allowed ample time to plan their removal. For the eligible occupants, their names can be included in the Waiting List at an early date. It would be far better than the present practice of advising the affected residents to apply only after a clearance order has been issued when the applicants' names would invariably be placed last on the Waiting List.

In the recent clearance incidents, the Administration, government officials and even the Governor said numerous times that the occupants of the rooftop structures should not jump queue. Such a remark is unfair to the occupants because this problem results from the long-term housing shortage in Hong Kong which in turn has been caused by different factors. Also owing to the ostrich policy of the Administration, the needs of these rooftop structure occupants or cage home dwellers were neglected. The Administration has prepared a set of reasonable rehousing criteria for the hillside squatters, but other people cannot have the same treatment and are subject to a very tight removal schedule. It is therefore very unfair to them.

Secondly, the Administration should formulate a time-table for the clearance of the rooftop structures, so that the occupants can have adequate psychological preparation and ample time to apply for public housing or other arrangements.

Thirdly, the Administration should survey the safety of all the rooftop structures. Unless necessary, the Administration should hold off the clearance of the rooftop structures until the completion of the occupancy survey and until after notifying all the residents to apply for public housing.

Since there is a shortage of public housing, unless these rooftop structures prove to be hazardous for habitation, they should be left alone for a while. I have to mention the Kingland Apartments incident in Mongkok in particular. Many residents said the Administration cleared their homes out of political pressure instead of structural problem. I have seen the residents complain in an agitated mood of how the politicians used the clearance of the rooftop structures to gain more political capital. The social workers also told us how the politicians touched off and deepened the contradiction between the residents of rooftop structures and those of the lower floors. It is very regrettable that a clash which could have been averted through discussions has been triggered off.

Fourthly, the Buildings Department, the Housing Authority and various government departments should co-ordinate and co-operate on the issue of rooftop structures to avoid buck-passing between departments, which would make the residents feel like 'human soccer ball' and at a loss as to what to do. For example, the departments concerned should consider the impact on the rooftop families, how their children and elderly will be affected in these clearances.

Fifthly, there are many vacant public housing units in the urban districts which have been rejected many times by people on the Waiting List. The Government should be more flexible. If there are flats which have been rejected many times by people on the Waiting List, they can be allocated to the occupants of rooftop structures and caged home dwellers.

Sixthly, the sale of the rooftop structures should be properly regulated and the number of these structures should be frozen. The after-effects of illegal construction should be nipped in the bud.

Mr President, the housing problem demands that the Administration solve it with a positive and systematic approach, so that the public can live and work happily. Passing the buck will not be an answer to the problem, nor will taking a rigid and inflexible approach help in resolving the issue. Government officials who care for the public should be above doing that.

MR CHEUNG MAN-KWONG (in Cantonese): Mr President, rooftop structures are one form of abnormal residential units arising from inadequate supply of public rental housing and excessively high prices of private housing. Since the Government has all along failed to effectively combat the problem of housing shortage, these ill-built rooftop structures have become a kind of commodity with a market value that fluctuates according to prevailing conditions in the

property market. This phenomenon points to the fact that housing supply in Hong Kong lags far behind demand.

At present, there are 30 000 families living in these rooftop structures where the hygienic conditions, the fire services installation as well as the living quality are substandard. What sort of persons are willing to pay over \$100,000 in exchange for this living environment or spend over \$1,000 a month to rent a place like this?

Most of the residents in these rooftop structures are immigrants from the Mainland who came to Hong Kong during the peak period of influx in the 1970s. Their family members came to Hong Kong to join them only in recent years. Most of the members of these families have not resided in Hong Kong for a minimum of seven years, and are therefore not eligible to apply for public housing. Rooftop structures are the only choice open to them. Some rooftop dwellers are families on the Waiting List, anxiously waiting for the day when they can move to public housing units. Other occupants of rooftop structures include singletons, elderly persons residing alone, the chronically ill and some young couples who cannot afford to buy their own flats. We may therefore conclude that the occupants of these rooftop structures are people at the bottom of the social hierarchy eager to find a place to live.

However, the Government is not amenable to reason when it comes to enforcing its policy on rooftop structures. According to the Buildings Department, rooftop structures are defined as illegal structures erected on the roofs of buildings. That puts rooftop structures on a par with unauthorized planters, balconies or canopies. Since they are "unauthorized" erections, they have to be demolished. However, if there is no such sort of action as "Operation Catherine Wheel" or "Operation Rolling Stone" as recently conducted, the people of Hong Kong may not know of the contradictions underlying the Government's housing policy.

Mr President, I really have to point out that we cannot simply categorize rooftop structures as unauthorized structures because these structures are surely the result of inadequate housing resources. Rooftop structures, with none of the publicity that attracts attention, relieve the plight of housing shortage in Hong Kong. But in the end, the Government adopts ruthless and unsympathetic tactics to handle these rooftop structures while Catherine wheels coupled with rolling stones are used to destroy the homes of 30 000 families.

On the surface, the rehousing policies for hillside squatters and rooftop structure residents are the same, but the Government adopts a much more lenient and flexible approach towards hillside squatters when it comes to policy enforcement. When the Housing Department is gradually demolishing the defective urban squatter huts and temporary housing units, they would reserve a certain number of public housing units every year to rehouse the clearers and the eligibility criteria for public housing units are gradually relaxed for these clearers. However, in the annual exercise conducted by the Housing Authority

with a view to estimating the public's demand for public housing, no public housing quota is reserved for residents of those rooftop structures to be demolished. This is double standard and is unfair to those rooftop structure occupants who are facing the same housing problems and are forced to live in those poor-conditioned rooftop structures.

Mr President, the Buildings Department is demolishing rooftop structures in a random rather than a planned fashion while the Housing Department is passively rehousing these clearerees. Given that the resources remain unchanged, the department responsible for rehousing would adopt more bigorous means to suppress public demand for housing units. To evade responsibility, the Government uses the pretext of "queue-jumping" to polarize the interests of rooftop structure occupants and the families on the Waiting List, thus creating conflicts between the two. In so doing, the Government diverts the public's attention away from the fact that it is the Government's responsibility to provide sufficient public housing units for the lower stratum of society.

Once the rooftop structures are demolished, the Government must take a square look at the plight of the 30 000 rooftop families. If a systematic and comprehensive clearance programme is not available, that will mean clearing structures on the one hand while arousing public anger on the other hand. It is learnt that the Government, to avoid provoking public anger further, will slow down the clearance pace. It may be regarded as a stopgap measure when a proper rehousing policy has not been worked out. If the stopgap measure turns out to be a long-term policy and the Government sits with its arms folded when the occupants of rooftop structures continue to live in an extremely adverse environment, rooftop structures will be the same as caged homes — the shame of Hong Kong.

Mr President, if rooftop structures are to be demolished in a planned fashion, the Government should, first of all, conduct a territory-wide survey, covering such details as the number of rooftop structures, their geographical distribution, the extent of danger and the number of people affected. Moreover, an appropriate number of public housing units should be allocated while the pace at which rehousing and clearance is to proceed should also be specified.

On the question of conducting a survey on rooftop structures, the Buildings Department indicates that significant manpower resources are required to proceed with such survey. However, I cannot see in the Estimates of Expenditure for the coming year that the Buildings Department will increase manpower on rooftop structures. It reflects that the Government still turns a blind eye to this unfair and unreasonable housing problem and allows the contradictions to persist.

Mr President, in the face of a sluggish economy and labour importation, people on the lower stratum of society have been leading an increasingly difficult life. Social conflicts will build up and a chain explosion may thus be touched off. When the occupants of rooftop structures are encountering

difficulties in earning a living, the Government demolishes their homes without reasonable rehousing arrangement. Serious social conflicts will therefore be triggered off. A government that is highly sensitive to public sentiments should handle this problem with care, instead of detonating the bomb itself. The only viable means to dispose of the bomb is to adopt the policy of "rehousing before clearance" as regards the occupants of rooftop structures.

Mr President, with these remarks, I support Mr Albert CHAN's motion.

MR FREDERICK FUNG (in Cantonese): Mr President, the Financial Secretary found a concise quote from Xunzi's "On Enriching the State" to describe the Administration's philosophy in financial management. Other than knowing how to carry our financial management, however, the Administration needs to know how to handle its relationship with its people. This is also an important aspect that needs to be attended to. If one has to describe the Administration's policy in dealing with rooftop structures, Mencius' saying "Tyranny is even more to be dreaded than tigers" may be aptly quoted. In fact, the people expect the Administration to be not only an affluent one but also a caring one. They expect the Administration to be able to work hard not only for economic success but also for the welfare of the poor, the young, the underprivileged and the weak minority groups in society.

In recent months, the Administration's forced clearance of rooftop structures on Tak Yan Building and Cheuk Ming Building and removal of the occupants therein caused great public concern. Since the start of the clearance action, the occupants' reactions ranged from rallying to building wooden buts for themselves. All these novel social actions attracted media coverage and hence public concern. A fact was exposed: departments under a bureaucratic system were trying to pass the buck from one to another. The Administration's forced action naturally resulted in the occupants attempting to resist through various means.

Indeed, the Administration's policy in dealing with rooftop structures differs from that in dealing with squatter structures. The year 1982 is the watershed. When squatter structure survey began in 1982, a number of requirements had to be met before occupants could be rehoused. At first, when their structures were demolished, occupants could be allocated a flat only if over half of their family members had resided in Hong Kong for more than 7 years. Later, this requirement was abolished. The Governor, in his policy address, undertook to solve the problem of urban squatters on Crown land before 1997, thus giving all squatters the prospects of being rehoused. Here, I am referring to urban squatter structures. Formerly, squatters were rehoused for economic reasons such as land clearance. Then they were rehoused as the Administration began to address their inhuman living conditions. There has obviously been a traceable transformation in policy. This also reflects the need for public policy to keep pace with the times to cater for a changing society. On the other hand, the policy for rooftop structures still remains the way it was in

1982. It is out-dated, when their homes are demolished rooftop occupants cannot get the same kind of treatment as their squatter counterparts do. Behind the two different policies which the Administration has adopted for rooftop structures and squatters, are different values. The Administration cannot even convince itself of or argue for the justifications and fairness of the present policies.

In the entire course of clearance, what was most unreasonable and misleading on the part of the Administration was that it collected rates from rooftop occupants although it regarded the rooftop structures in which occupants were living as illegal. This was the most unfortunate misunderstanding which the Administration has created. Occupants were deceived into believing that if their structures were demolished or re-entered into, they would get the same treatment as other flat-owners would. Furthermore, were occupants who were rejected by the Housing Department in their application for public housing. The grounds for rejection were that rooftop structures were landed properties. All such acts of the Administration have misled the occupants into believing that rooftop structures are legal dwelling places. Afterwards, the Administration's rehousing policy proves to be far from being satisfactory, falling short of the occupants' expectations. Confrontation between the Administration and the occupants has resulted. The Administration has only itself to blame. Naturally, the circumstances surrounding the present event exposed a lack of coordination between government departments. In the end, the Government had to take high-handed measures to demolish to structures. It was noted that, in the middle of the event, there were unauthorised rooftop structures on the building where a senior official lives. The Administration, however, felt that it was not necessary to demolish the structure as, according to the Administration, it posed no potential danger. The wooden huts constructed by the occupants on the streets during the event were finally ruthlessly demolished by the Administration. Taking together what had transpired it inevitably gives us the impression that the Administration has been "unjust", "protective of its own officers", "biased" or "ruthless", as what has been vividly shown on television and reported in the newspapers.

During an interview with a reporter, an official from the Buildings Department said: "Rooftop structures are regarded as general unauthorized structures and will not escape demolition just because the issue of rehousing is still unresolved. Even if rehousing is involved, it is just one of the factors that needs to be considered, and only a factor of secondary importance." If this is actually what was said, the kind of "demolitionism" exhibited by the Administration would create a lot of problems. Although rooftop structures are never regarded as legal, are there convincing grounds for their demolition? Are there appropriate rehousing policies? If the answer to these questions is negative, and the Administration goes ahead to destroy the occupants' homes, tantamount to infringing upon their right to dwell.

Since the Administration has plans to carry out Operation Rolling Stone, it should have a complete rehousing plan. Nevertheless, when Members, at the 15 February sitting, orally asked the Administration for the total number of rooftop occupants, it said it did not know. Such ignorance arising from its inability to know was really ridiculous, while the fate of rooftop occupants whose dwelling places are to be demolished is worrying us. It seems the Administration in fact has no overall policy to solve problems arising from clearance of rooftop structures. The Hong Kong Association for Democracy and People's Livelihood and I are of the view that the Administration should immediately conduct a scientific survey and carry out re-registration of rooftop structures and the occupants thereof. The new register and status of rooftop structures thus ascertained should form a basic for allocating resources for rehousing. It would be unreasonable for the Administration to continue to use 1 June 1982 as the date to determine whether occupants are permitted to be given public housing. The use of the above date in such a context would mean that the Administration is covering up the problem. Indeed, the Administration has only covered up another problem: its failure to increase public rental housing within a short period, to relieve the shortage of public rental housing.

The Hong Kong Association for Democracy and People's Livelihood and I maintain that the Administration should rehouse as it demolishes. At the moment, some of the occupants in the Tak Yan Building and Cheuk Ming Building incident have been rehoused, but it was as a result of their protesting on the streets. I personally hold that the demand made in the original motion is reasonable. Any review of policy concerning rooftop structures should ground firmly on the rehousing policy for squatter occupants. What needs to be urgently considered is the possibility of the Housing Department allocating to the occupants of the above incident 500 units originally intended for residents affected by natural disasters and humanly induced calamities. In the long run, the Administration should set up new categories and quotas in its allocation policy for public rental housing to cater for clearance plans of rooftop structures and to shoulder the Administration's responsibility towards rooftop occupants who will have their accommodation demolished.

With these remarks, I support the motion.

MR JAMES TO (in Cantonese): Mr President, every time as a debate is drawing to a close, I am reluctant to give my speech by directly reading out from the script, lest there be too much repetition. I want to raise points which are yet to be raised.

I agree to most of the points made by Members. The only point I want to raise is that I hope residents of rooftop structures will move into public housing direct without the need to stay in Temporary Housing Areas (THAs) in the first instance. Let me clarify that this idea originated not from me but from Mr CHAN Kwok-kwong, a social worker from Tsuen Wan. The idea is well-thought-out and its logic is clear. Now the Administration may think that there

are insufficient public housing units, and that not all clearnees are eligible for public housing. Those who are eligible will first be accommodated in THAs in the New Territories, and with the phasing out of such THAs, these people will eventually be accommodated in public housing — that is, years later. I guess this is the scenario envisaged by the Administration. The problem is that the Administration may not have the intention to clear the tens of thousand roof-top structures all in one go nor the intention to clear them all by stages. At least such is my impression after having contacted the relevant government officials. It might never have occurred to the Administration that all the roof-top structures would have to be cleared, for there are in fact now enough THAs in the New Territories to accommodate so many people. Therefore, whether it was "Operation Rolling Stone" or "Operation Catherine Wheel", it simply failed to provide rehousing. Only those roof-top structures which the Administration deems to be affecting the buildings structural safety will be cleared.

But let us not forget that there are several hundred public housing flats reserved annually for these clearnees, and that this quota has never been fully utilized. Therefore, to label it as "queue-jumping", as the Governor put it, would be rather inappropriate, for it is only a couple of hundred public housing flats per annum that we are talking about, and the Administration may allocate them under a different category, thus discarding the concept of "queue-jumping". The allocation of these flats would be for the purpose of expediting the implementation of the policy on the clearance of structurally unsound roof-top structures. Such a course of action would be a compromise that would alleviate the residents' resentments, and therefore avoid disputes. With tens of thousand public housing flats available every year, the setting aside of no more than a few hundred units, which would not be fully taken up anyway, would not be "queue-jumping", would it? Only if the clearnees were allowed to barge in ahead of tens of thousands of applicants on the waiting list would there be a problem.

For this reason, I hope residents of rooftop structures can be accommodated in public housing direct. As a matter of fact, the structurally unsound structures that the Administration is talking about number no more than a few hundred.

The second policy-related concept concerns those roof-top residents who have been denied the right to apply for public housing simply because they are regarded by the Administration as owning private property. This is in fact an administrative lapse. The number of such cases should not be large. So these cases should be reviewed and public housing flats be allocated. The plain fact is that it was the Administration's fault in failing to explain the matter clearly. Though it might be argued that it was the residents who misunderstood the matter and for that reason should share half the blame, yet these rooftop residents whose rights had been unduly denied should, in my view, be allocated public housing flats with immediate effect.

Thirdly, the Administration has failed to curb the growing number of new rooftop structures. Several such cases have come to light in districts like Yau Ma Tei, Tsim Sha Tsui and Jordan Road. A man was spotted erecting a roof-top structure on an unbuilt-over rooftop. It took less than a day and a half to complete the structure. It so happened that the witness was a flatowner living on the top floor of the building concerned, and so the police were called. When the police arrived, the roof-top structure had already been erected, and the police said there was nothing they could do! The same flatowner then approached the Buildings Department, only to be given the same reply. The department advised that the flatowner could apply for an injunction by way of civil proceedings to seek to restrain the erection of the structure from erecting there. At the same time the complainant was warned that if he should so much as lay his hands on the lock of that structure he could even be accused of criminal damage! Such was the response of the Administration to a flatowner who took an active move to complain! The Buildings Department agreed to clear that structure only after much ado. But the fact that the Buildings Department's immediate response was to resolve the matter by means of civil lawsuit shows that the policy on rooftop structures has failed to enable the Administration to get rid such of structures. In the meantime, triad members are active in erecting such structures, which they put on sale and fatten their pockets by misleading new immigrants. Did the Administration ever try to stop these people from misleading the public?

Fourthly, building management work should be strengthened to make it difficult for rooftop structures to be erected. For example, the Administration may encourage owners' incorporations, which are already in place in many buildings, to maintain the management of their major accesses in good condition, so that smuggling of building materials for the purpose of erecting rooftop structures will not be that easy. This is something the Administration should do. The District Offices can educate owners' incorporations and watchmen of buildings to pay more attention to this.

Another matter relates to the Kingland Apartments incident just mentioned by Members. In response to Mrs Selina CHOW's allegation that the incident had provided a flashpoint for confrontation, I have to point it out to Members that I received complaints lodged by flatowners on the top floor of Kingland Apartments, saying that there were large-scale cement spalling and sewage seepage. In fact, my office and the offices of the Democratic Party received numerous complaints most of which were from flatowners on the top floors. But only one or two buildings were the subject of complaint. If it is alleged that we are trying to solicit votes by means of precipitating a confrontation, I do not know what the Member who has said such thing has in mind. If she received complaints from flatowners of the top floor, and found that their case was justified but that the Administration would only undertake to do a structural check, would we not write even a letter? She has said that there has been little co-ordination on our part. May I tell that Member, I am not quite sure if she is still present, that flatowners of that building have been complaining in vain for as long as seven to eight years. Yet Members have

failed to help, because the Administration was saying then that the situation was not so bad as to warrant clearance. If the situation was that bad, it would be real grave! Please do not measure another's corn by one's own bushel. If I had to solicit votes like this, I would rather have none. If I had to stand for election in this way, I would rather not stand. I hope people would refrain from smearing others on political grounds. I think it would be real bad to do such thing. If such were real politics, I would rather stay away from this game. But up to now, I am a Christian, and I do not find it necessary to solicit votes by such means, nor do I find it necessary to do things against my better judgment. Otherwise, I would rather stay away from elections.

Finally, may I remind Members that there is a lurking worry. The Administration will have to conduct investigation and come up with a long-term solution. This is because if the owners' incorporations strengthen their management work, then even if the Administration does not clear those structures, the former can, by taking civil proceedings to obtain an injunction to be executed by police and bailiffs, still clear those roof top structures. But because there will be costs and expenses incurred and for fear also of causing conflicts among the people involved, the owners' incorporations are not resolute enough to take such action. But many of those top floor flatowners have been putting up with it for a long time, and now some of them are pressing the owners' incorporations for action. I hope the Administration will not take it for granted that the owners' incorporations will not try to resolve the matter by themselves; and with that in mind the Administration will clear only those pre-designated structure. That will not be the case. Therefore, I hope the administration will be more attentive, and freeze the number of roof top structures, as suggested in the motion put forward by Mr Albert CHAN. The next step should be to satisfy the demand of grass-root level residents for public housing over the long term.

MR LEE CHEUK-YAN (in Cantonese): Thank you, Mr President. The Financial Secretary's Budget speech this year is no different from his past ones. He starts by flaunting Hong Kong's booming economy and the ever rising living standard of its people. He cites the examples that Hong Kong ranks sixth in the world in terms of consumption power, that the median income of Hong Kong households rose by about 4% last year and so on. However, as the Governor said in his Policy Address in October last year, "a decent home is what determines the Hong Kong family's quality of life".

There are 40 000 families now residing in poorly equipped, crowded and illegally built rooftop structures. There are also thousands of caged home swelters and hundreds of thousands of families living in squatter huts or temporary housing. What does that represent? No one will be so naive as to say that rooftop structures, caged homes, squatter huts and temporary housing can be called "a decent home". From this we can see that in the so-called prosperous and stable society of Hong Kong with a flourishing economy today, there are still over 100 000 families living in homes of very poor conditions.

Whether their residential problems can actually be solved will be a reference point wherewith to assess the Hong Kong family's quality of life.

I have all along been of the view that rooftop structures do not constitute a problem of illegal housing any more than caged homes constitute a problem of safety. The crux of the problem concerns the drawbacks of Hong Kong's housing policy. If the Government can provide suitable housing for all lower class people, who would want to live in rooftop structures or caged homes? It is precisely because the supply of public housing lags far behind the actual demand and the rents of private housing with better living conditions are too high that many families are compelled to live in dilapidated tenement buildings and rooftop structures or caged homes. Therefore, the way to solve this should be that the Government thoroughly review its housing policy, and increase the supply of public rental housing to accommodate these lower class people who lack a decent home. At present, the Government, far from committing itself to rehousing the rooftop occupants, is tearing down their humble dwelling and only shelter. May I ask if this should be the practice of a responsible Government?

A case in point is the rehousing of the rooftop occupants of Kingland Apartments in Mong Kok. Those rooftop structures have existed for over two decades and there are 30 households with a total of over 80 people. Most of them are low-income families, old people and singletons. The Housing Department has notified these residents that out of all the 30 households only four are eligible for public rental housing, four are still under examination and the rest of 22 will have to move to the Hing Tin Temporary Housing Area In Tuen Mun. The resident's resentment is understandable. First, they resent that the Government has categorized the Kingland Apartments as top priority for clearance but failed to produce the examination report in respect of the building structure. They resent even more that they are being banished to Tuen Mun which will disrupt their current work and livelihood. These arrangements have created all sorts of difficulties. The Government has claimed that these rooftop occupants are being treated the same way as those squatter residents on Crown land. This claim is misleading. In fact, when the Government clears squatter huts on Crown land, it still exercises flexibility as regards rehousing for the residents. Even for those who fail to meet the eligibility criteria for public rental housing promulgated on 1 June 1982, the Government would still rehouse them in the older public housing estates or temporary housing areas in the same district. In contrast, when rooftop squatter huts are demolished, the residents will be relocated to remote temporary housing areas in the New Territories. Obviously, the Government does not give the same treatment to the rooftop occupants.

The present motion is to request the Government to register the rooftop occupants and rehouse them in their own district. Of course, it will indeed be a desirable thing that rooftop occupants can be registered and rehoused. But the more crucial problem is: as long as the Government fails to revise its housing policy, tens of thousands of households will continue to be compelled to live in

rooftop squatter huts. The problem will continue to drag on indefinitely and the residents will continue to wait indefinitely for their right to a comfortable home to be realized.

The Government must acknowledge the people's right to a decent home and try to provide sufficient public rental flats so that everyone can have a decent home. The Government should not first carry out remedial social welfare policies instead.

Mr President, with these remarks, I support Mr Albert CHAN's motion.

SECRETARY FOR HOUSING: Mr President, I shall speak on the rehousing policy for occupants of unauthorized rooftop structures affected by the Buildings Department's demolition action. When notified that a Notice of Intention has been issued under the Buildings Ordinance, the Housing Department will immediately conduct a survey of affected occupants and establish their eligibility for rehousing. Offers are made, and sufficient time is allowed before the Buildings Department enforces the Closure Order. Thus our policy is to offer and provide rehousing to those in need prior to demolition.

The fundamental principle in our rehousing policy is that no one will be rendered homeless. Rooftop occupants affected by demolition action are eligible for rehousing in a public rental flat or given priority to purchase a Home Ownership Scheme flat, if they meet the following three criteria:

- (a) they can prove that they were living in the rooftop structures on or before 1 June 1982;
- (b) the majority of their family members have been living in Hong Kong for seven years or more; and
- (c) they have not owned or entered into any sales and purchase agreement in respect of domestic property in Hong Kong in the past 24 months. I must point out here that ownership of an unauthorized rooftop structure will not affect the eligibility for public rental housing, but the owner must undertake to demolish the illegal structure upon allocation of public housing. If there is any misunderstanding on this point, those aggrieved are advised to approach the Housing Department again.

Those rooftop occupants who do not satisfy criterion (b) on the period of residence in Hong Kong but are otherwise eligible will be rehoused in refurbished flats in older housing estates. Others who do not meet the three criteria are rehoused in temporary housing areas in the New Territories. Subject to the recommendation of the Social Welfare Department, compassionate rehousing in either public rental housing or temporary housing in the urban area will be offered to affected occupants in special circumstances.

In rehousing eligible rooftop occupants affected by demolition action, the Housing Department will offer public rental flats in the same district as far as possible. However, I must point out that local rehousing is not always possible if there are inadequate housing resources in that district.

Rooftop occupants who have already registered on the General Waiting List of the Housing Department will be rehoused in public rental housing if they meet the normal household income limit criterion and if their turn for public housing allocation is due within six months. In this case, they will be rehoused immediately in the district in which their application is due.

The rehousing policy and arrangements which I have just outlined apply to both occupants and squatters on government land despite the conduct of an occupancy survey of squatters in 1982. In every demolition action, the Housing Department works closely with the Buildings Department to ensure that ample notice is given and rehousing offers are made prior to demolition. I wish to stress again that no one will be rendered homeless. Problems arise only when occupants refuse to accept the type of rehousing for which they are eligible. Clearly, it is in their own interest to co-operate with the Housing Department. To do otherwise will only delay the rehousing process, and in any case will not change their eligibility status.

Some Members of this Council seem to have implied that we should relax the rehousing policy for rooftop occupants. This is not advisable. We do not consider it reasonable to provide immediate rehousing in public rental flats for rooftop occupants who do not satisfy the eligibility criteria. We had been told that to do so will lead to accusations of "queue jumping", which is unfair to those eligible household already on the General Waiting List of the Housing Department. Indeed any such preferential treatment may also encourage more illegal structures to be built.

I appeal again to all eligible rooftop occupants who wish to obtain public housing to come forward now to register with the Housing Department and place themselves on the General Waiting List. This is the proper way to ensure that they will obtain public housing.

Mr President, the rehousing policy for rooftop occupants is reasonable and fair. It is consistent with that for squatters on government land. We do not see the need for change. For these reasons, we do not support the motion.

Thank you.

DEPUTY SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr President, the Secretary for Housing has spoken about the rehousing of the clearerees. I will concentrate on the clearance of unauthorized rooftop structures and the proposal to conduct a territory-wide occupancy survey of these structures.

Before speaking on the main points contained in the motion, I would first like to assure Members that our problem of illegal rooftop structures is not getting bigger. That is to say, the problem is being contained. My colleagues in the Buildings Department carry out regular patrols of Hong Kong's buildings. In carrying out these patrols, they pay special attention to building works being constructed or newly completed. Once discovered, priority action will be taken to take down these structures. The Department also takes priority action on complaints or reports of new unauthorized building works. It was a common sight some years ago that as soon as an occupation permit had been issued, all kinds of illegal building activities sprang up. We do not see such activities so often now in new buildings. We have successfully put our message across by our action and by our publicity efforts.

The Government's prime concern is safety, not just the safety of the members of the public, but also the safety of the rooftop occupants themselves. Given the inevitably limited resources available and the large number of rooftop structures, priority enforcement action is taken against unauthorized rooftop structures which:

- (a) cover the whole roof of a building with only one staircase, thereby obstructing the escape of flat occupiers in the event of a fire;
- (b) adversely affect the structural stability of the building, endangering life or property;
- (c) are in unstable and dangerous or dilapidated condition; and
- (d) are being erected or newly completed at time of discovery.

Honourable Members will therefore appreciate that, as far as existing rooftop structures are concerned, enforcement action is targeted at those which may pose a threat to life or property. It will be irresponsible on the part of the Government if action is not taken against these structures. I think this point is shared by Honourable Members.

Before speaking on the suggestion of a territory-wide occupancy survey of rooftop structures, I will deal with one point. This is the concern that many transactions of rooftop structures are undertaken by solicitors and estate agents. These tend to give the impression that the structures are legal structures. We have discussed this with the Law Society. The Society, I understand, has reminded its members that in handling transactions involving or likely involving unauthorized structures, the illegality and the liability to demolition of such structures should be fully disclosed to the prospective seller and purchaser. Members of the Society has also been reminded to ask purchasers to employ professional surveyors to check the property against approved building plans where there is reason to suspect unauthorized structures exist. We will consider whether anything further needs to be done, in conjunction with the Attorney General's Chambers and the legal profession.

The motion requests that the Government conduct a territory-wide occupancy survey of rooftop structures. Before we undertake such a survey, we need to establish clearly from the outset what the objectives of the survey are. Is the objective of the survey to assess the scale of the problem with a view to finding out ways and means to minimize it? Is the objective also to work out a programme to identify and clear those structures which pose the most danger to life and property? Or is the objective to demolish all the illegal rooftop structures and rehouse their occupants? If the objective is the last one, it will not serve a useful purpose. As the Secretary for Housing has clearly stated, the existing criteria for rehousing are already well-established and well-known. The policy is reasonable and fair. We do not want such a survey to be used as a basis to change the existing rehousing policy. Neither do we want such a survey to arouse false expectations on the part of the occupants.

It is estimated that about 40 000 private buildings in the territory have rooftop structures. Not all these structures are for domestic use and some are built by the owners of flats in the same building. To conduct a worthwhile and comprehensive survey, it would be necessary to visit all such structures to establish their status and to register the personal details of the occupants. Further checks would be needed to determine ownership of structures and those occupants who genuinely live there. This may not always be possible. Our very preliminary estimate is that such an enormous task would require some 80 full-time staff over one year and its cost would be in the order of \$20 million. Also, the results of such a survey would be of limited usefulness unless additional resources were regularly devoted to update the particulars.

The reality is that resources are limited. Even assuming that resources for the survey are forthcoming, it may be more worthwhile to use such valuable resources on other important tasks, like more enforcement action against other types of unauthorized building works or enhancing our capability in monitoring and supervising building and demolition sites. Remember that our fundamental objective is to ensure public safety and it would be in the public interest to devote resources to enhance this objective. Apart from the resource implications, an occupancy survey of rooftop structures would be likely to lead to abuses, such as more illegal occupation in anticipation that persons covered by the survey would eventually be rehoused.

To conclude, a territory-wide occupancy survey of rooftop structures may give rise to many operational and resource implications. Nevertheless, the Administration will give further consideration to the idea.

Thank you, Mr President.

PRESIDENT: Mr Albert CHAN, you are now entitled to reply and you have seven minutes eight seconds out of your original 15 minutes.

MR ALBERT CHAN (in Cantonese): Mr President, I would like to thank Members for delivering speeches on and giving support to this motion. I would also like to express regret and disappointment at the response of the Government and the opposition from the Secretary for Housing. It is obvious that in regard to the problems arising from rooftop structures, particularly the rehousing of the affected occupants, the Government looks but sees not, listens but hears not, which is a manifestation of the bureaucratic practices within the government structure.

As regards the conduct of survey, as I have mentioned earlier on, since the Government was capable of conducting a survey for 700 000 to 800 000 squatters in Hong Kong back in 1982, I fail to see any reason why a government in a better-off society, equipped with increased surplus and more efficient organizational structures, is unable to conduct a survey for the rooftop structure occupants in 40 000 buildings. Look at the efficiency displayed by the Government in the large-scale surveys such as voter registration and population census which were completed within a short span of time. One can see that it is purely a matter of will and attitude rather than the consideration of administrative practicability.

Moreover, the Deputy Secretary for Planning, Environment and Lands told this Council that the Buildings Department has deployed staff to carry out patrols and that the problem of unauthorized rooftop structures has been put under control. But I can tell him it is clearly not the case. True, the increase in the number of rooftop structures is not as rapid as compared to eight or 10 years ago. But, apparently, according to the example cited by Mr James TO and from what I have seen in Tsuen Wan, unauthorized structures constantly sprang up during the past few years. When the controlling staff, the affected residents, the owner's incorporations and the District Office staff made reports to the authorities concerned, they were given reply that since those rooftop structures had already been erected, no demolition action would be taken by the Government as long as they did not cause obstruction to fire escape or pose any threat to the structural stability. I hope the Deputy Secretary for Planning, Environment and Lands would go back to confirm with his colleagues involved in previous cases to see if what the front-line staff have done is really in line with what he has told us.

As to the rehousing of the rooftop structure clearerees mentioned by the Secretary for Housing, I can make it clear to the Secretary that during my service as District Board Member from 1985 up to last year, insofar as I can observe, the policy implemented by the Housing Department for rehousing the rooftop occupants is entirely different from the version given by the Secretary. He told this Council that there would be sufficient time for registration and arrangement, and rehousing offers would be made prior to clearance. It is

definitely not the case! The Kingland Apartments may be the first case with such arrangement. But as far as the past nine years are concerned, it is definitely not the case! Does it mean that the officials concerned have all along misinterpreted the decision of the Executive Council during such time between 1982 and 1994? I hope the Government will carry out thorough investigation and, at the same time, I would urge the Chief Secretary to look into the matter to see if the officials concerned have failed to enforce the decision of the Executive Council in the interim period. It was also said by the Secretary for Housing that the Government was consistent in the policies of rehousing the squatters on government land and the occupants of rooftop structures. But I can point it out categorically to the Government that the manners in which it handles the rehousing of the rooftop occupants and the squatters are totally different. If the Government says that they are consistent, I hope it can show us, in the form of a table, in what way they are consistent.

Furthermore, in regard to the issue involving the Law Society, the Deputy Secretary for Planning, Environment and Lands assured us that he would discuss the matter with the Law Society again. Back in 1986 when I raised the same subject with the Tsuen Wan District Board, the Law Society then gave us reply that a set of guidelines were issued to all members of the legal profession in relation to the problem which the Deputy Secretary has discussed today. There has been a lapse of nine years. Regrettably, there were still a lot of transactions of rooftop structures since then, quite a few of which were even undertaken by solicitor's firms. Why were there still so many transactions in spite of the issue of guidelines by the Law Society since 1986? And why did the Law Society and the Government simply turn a blind eye to these practices without taking actions? What are the reasons for this? Why is it that the lawyers involved are neither held responsible nor censured in any way for handling these transactions? We hope the Government and the Law Society would ensure that this problem is properly dealt with so that I need not put the same question again after another period of nine years. The question referring to the situation of nine years ago is answered by Mr R D POPE, the present Director of Lands. And Mr CHAU Cham-son was the then Director of Buildings and Lands.

Mr President, recently, the occupants have taken drastic actions in response to the clearance of rooftop structures and the rehousing of clearerees. I also learn that the Government has expressed that the drastic actions of the occupants may delay the demolition actions to be taken by the Government. I would like to point out that the clearance of rooftop structures is not only a problem for those rooftop occupants but also a problem for the flat occupiers beneath. In what way can the Government strike a balance? How can it effect proper rehousing for the rooftop occupants whilst taking into consideration various problems arising from rooftop structures such as environment, sanitation and security? This is in fact another important element. In my opinion, therefore, if the Government fails to conduct a territory-wide occupancy survey, grasp the crux of the problem and, at the same time, devise a

set of comprehensive measures and strategy to cope with the situation, this problem will certainly become a time bomb in 10 to 20 years' time.

At present, there are altogether 40 000 buildings with unauthorized structures erected thereon with, of which a certain number are being occupied and many of the buildings are being affected. Old buildings, rooftop structures and even urban renewal are interrelated problems which the Government has to tackle. It has been 13 years since the Executive Council give approval to the policy. I do not know of any government policy that has lasted for 13 years without any need for change. The Government announced in 1982 that it would not go ahead with the construction of the new airport but changed its mind in 1989. Now the airport is about to be completed. But the policy in respect of the rooftop structures still remains unchanged. I hope the Government would undertake a comprehensive review on this policy. I also hope that the Government would accept Members' opinions if this motion is carried. We only request the Government to conduct a review and survey and, with the gathered information, work out the strategy and approach to deal with the problem. I believe this problem can be resolved.

Thank you, Mr President.

Question on the motion put.

Voice vote taken.

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

Mr Albert CHAN claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote?

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

Mr Allen LEE, Mrs Selina CHOW, Mr HUI Yin-fat, Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Edward HO, Mrs Miriam LAU, Dr LEONG Che-hung, Mr Jimmy MCGREGOR, Mrs Elsie TU, Mr Albert CHAN, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Miss Emily LAU, Mr

LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr Steven POON, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin, Mr Roger LUK, Ms Anna WU and Mr LEE Cheuk-yan voted for the motion.

The Chief Secretary, the Attorney General and the Financial Secretary voted against the motion.

THE PRESIDENT announced that there were 35 votes in favour of the motion and three votes against it. He therefore declared that the motion was carried.

SHELVING OF THE OLD AGE PENSION SCHEME

DR YEUNG SUM moved the following motion:

"That this Council urges the Government to implement the Old Age Pension Scheme as soon as possible and expresses strong dissatisfaction at the Government for shelving the Scheme. At the same time, the Government should put into immediate effect the consensus reached by this Council earlier on the increase of the Comprehensive Social Security Assistance payments for the elderly to \$2,300 per month (which should now be adjusted to \$2,500 taking into account the rate of inflation)."

DR YEUNG SUM (in Cantonese): Mr President, just now during the debate on mandatory provident fund scheme, we have heard the Secretary for Education and Manpower, Mr LEUNG Man-kin, said with gnashed teeth that the Government would not implement the Old Age Pension Scheme (OPS). It immediately occurred to me that there would be no point for me to initiate this debate any more. However, I am a very optimistic person with a positive attitude. The political climate prevailing today may not necessarily continue into the future. I do not know when the Government will table the Bill concerned. I think it is best for the Bill to be tabled during the current session of the Legislative Council. If it is not tabled until October, I can guarantee a come back by the Democratic Party. By that time the political climate would be changed, and I can assure the Government that the Democratic Party will campaign again for the OPS and object to the adoption of a mandatory privately-run provident fund system scheme (MPF). The Government will not have an easy passage of the Bill. You can have my word for this.

On the other hand, I think we should keep our calm as far as the social issues in Hong Kong are concerned, rather than react in a temperamental way as Mr LEUNG did just now. I would not treat Mr LEUNG with such attitude. I would only state calmly what the differences between the OPS and the provident fund system. I hope Hong Kong will keep archives on its social policies so that

it can be found in future from the records that quite a few Legislative Councillors have actually supported this proposal.

Mr President, ever since 1991, there have been debates on the issue of retirement protection almost once every year. What problem does this show up?

The Government's stand on this matter has been chopping and changing several times since 1992 when the mandatory private provident fund was brought up for discussion. There was the switch to OPS in 1994 and then to MPF in 1995. All along the Government has been wavering and indecisive. That is the crux of the problem.

Where has the executive-led authority so often vindicated by the Chief Secretary gone? I have never seen a case before where a policy can be delayed for more than 20 years. Now the Government moves again a motion adopt the MPF (and certainly it was carried just now) while repeatedly trying to shift responsibilities onto the shoulders of Legislative Council Members. If the Government really attaches so much importance to the opinions of this Council, the problems of the elderly should have been solved long ago.

I have moved a motion to urge the Government to implement the OPS and to increase with immediate effect the Comprehensive Social Security Assistance (CSSA) payments for the elderly. My speech will focus on the OPS alone. As this Council has reached a consensus on the amount of payment for the elderly under the CSSA, there is no need for any further discussion. Dr LAM Kui-chun has proposed to raise the payment rate to \$2,500. In fact, my original motion has also mentioned the amount of \$2,500. I do not understand why he should repeat the figure of \$2,500. If he makes that proposal again, I can generally promise to lend him my support right away, so there is no need for further discussion on the issue.

I would first discuss the merits and demerits of the OPS and the MPF purely as a matter of policy, and then I would discuss from a political point of view why the Government has shelved the OPS.

When the Government put forward the OPS, it had strongly lashed out at the shortcomings of a provident fund system. I believe we have already discussed the details in this respect earlier on and I do not wish to waste everybody's time by repeating the same. I would only like to point out some differences between the principles of policy-making and objectives.

To begin with, in comparison with a provident fund, there are three aspects of an OPS which deserves our special attention. First, the present retirement protection policy of Hong Kong aims mainly at providing income protection for the elderly whose income is in the range of a figure below the median earnings to one which is at the "poverty line". It is estimated that there are more than 300 000 people in this group. The OPS can effectively achieve

this policy objective. In contrast, the MPF virtually provides no protection for the most needy elderly. The Government has already indicated that it would not make it mandatory for people in the low-income bracket to join the MPF. The reason is that both the employers and the employees have to make contributions to the scheme, so if one party does not contribute, the other party needs not do so. Besides, the Government does not subscribe to the view that contributions should be made by the Government or by the employers on behalf of these employees. Even if people in the low-income bracket have made contributions for years, eventually they would only get an amount less than the level of CSSA payment. When compared with the OPS, the MPF is like "chicken ribs": of little value, tasteless and yet too wasteful to be thrown away; it is no solution to the problem of retirement protection in Hong Kong.

Second, the MPF can only provide protection for the working population whose income is above the median earnings. Those who are not in the workforce, such as housewives, are not protected at all. In terms of protection coverage, the MPF is no match for the OPS.

Third, in terms of financial considerations, it is an undeniable fact that the population of Hong Kong is aging and in the next five years, the number of elderly people will increase from 790 000 to 890 000. Old age pension is a means whereby society's resources are pooled to alleviate the financial burden of the Government caused by an ageing population. As for the MPF, since it cannot protect the low-income earners and its effects can only be seen after 20 years, the Government's expenditure on social security will continue to rise steeply at least for the next 20 years due to the ageing of our population. It is clear to all that such a situation will certainly arise. Besides, the present CSSA payment rate can no longer meet the needs of society. Relying on the present social security system as a means of income protection is highly questionable both in terms of financial and policy considerations. In fact, as a policy, the OPS and the MPF are not mutually replaceable. I wish to stress that the two systems are not mutually replaceable because their policy objectives and service targets are obviously different. Analysed from the three aspects of protection coverage, and public finance, the OPS is a better choice than the MPF.

In fact, the Government also subscribes to this view. Up to now, the Governor still thinks that the OPS is the best scheme. Why then did he reject it? Well, Members have just given support to the Government's proposal of the MPF. I believe the explanation given by the Government was mainly prompted by political considerations. It can be put in two parts. First, the Government said that the OPS did not gain the support of the Legislative Council and the public. Second, it was said that the Scheme was not supported by the Chinese Government.

Actually, these two claims were excuses only. Let us look at the first one. The Governor claimed that only one Legislative Council Member had supported the OPS. I believe he was referring to Mr MCGREGOR. That was a distortion of the facts. Hence, we strongly resent the words of Mr LEUNG Man-kin in the

speech he just delivered. Mr LEUNG said he wanted to check the records. In fact, we can readily cross-check the records with him. Apart from our fellow Members of the Democratic Party, I believe other Members including Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Andrew WONG, would certainly rebut what Mr LEUNG Man-kin has said when they speak later on. If anyone wants to see, it is now available. Nobody can distort the facts. Actually, if the Government would only check the Council's record of proceedings, it would have found that during the debate on the Governor's Policy Address before the consultation period for the OPS expired, Mr Michael HO and I spoke on labour and welfare policies on behalf of the Democratic Party. At that time, we clearly stated that the Democratic Party supported the OPS in principle and concurrently urged the Government to set up a Central Provident Fund. We believe that only with the two systems working hand in hand can a sound long-term solution to the problem of retirement protection for Hong Kong be found. The Governor's words only showed that the Government regarded the Legislative Council a convenient forum for its sophistry. The Government argued that the OPS was not supported by the Legislative Council but the fact is it had not listened carefully enough to the standpoint of the Council Members. Earlier on, Mr LEUNG Man-kin said that Members had supported the OPS with qualifications. Even if they did, it was nonetheless a form of support. It is odd to find that the Government in its consultation of public opinion would regard a qualified support as no support at all. I have never heard of such statements before, especially when they were made by a Policy Secretary and even by the Governor himself.

As regards public opinion, the Government has again played a trick similar to the one the Survey Office used to reject the proposal for direct election in 1988. If the Government decides to make a "U-turn", it would pick and choose some public opinion to serve as its shield. Let us see what opinion the public expressed. The media have in fact conducted independent surveys on the question of the OPS. According to a survey conducted by the Ming Pao Daily News on 18 July 1994, 81% of the subjects accepted the OPS, another survey conducted by the Hong Kong Economic Times on 16 July showed 58% accepted the Scheme. Even after the Government has announced the shelving of the OPS due to divergence of public opinion, 70% of the public still supported the OPS in an opinion poll conducted by the Cable Television. These independent surveys were not organized by the Democratic Party. If they were, it might well be said that we were prejudiced and wished to justify our conclusions by this means. These surveys were conducted by professional survey companies and showed 70% of the public still supported the OPS. What is the Government's response towards these public opinion? Does the Government consider signatures collected by various concerned groups and political parties indicating support for the OPS with identity card numbers given as a component of public opinion?

Concerning the stand of the Chinese Government, I hope Mr LEUNG Man-kin can clarify this point later on. In fact, to date the Chinese side has not adopted any official stand showing objection to the OPS. Groups which have

contacts with China have also reported that the Chinese Government had never expressed any objection. We hope that when the Secretary for Education and Manpower makes his response later, he can clarify how the Government has assessed the stand of the Chinese Government and on what substantial evidence, if any, the assessment was based. The Secretary for Education and Manpower can of course say that as Members have already decided that the motion be carried, the matter should not be pursued any further. He can of course say so.

In conclusion, whether analysed in terms of policy or political considerations, the Government's shelving of the OPS cannot be justified. It is on the basis of the above argument that the Democratic Party urges the Government to reconsider the OPS. In fact, the Scheme can still be put forward because the OPS and the MPF are two different systems. They are not mutually exclusive. The objectives of the two systems are different. The OPS can provide immediate assistance to the elderly. Hence, even if Members have supported the Government's proposal of the MPF, I hope they will not hastily reject the OPS as proposed in my motion. I hope that at least on record, such records as the Secretary for Education and Manpower mentioned earlier on, it is of paramount importance that, and I stress on record, Members show support for the OPS which I have proposed in my motion as a matter of policy and for the sake of social justice. Certainly, if the Government decides not to adopt the OPS, it can come up with various explanations. When the Government does not wish to adopt a scheme, it can claim an executive-led policy. Therefore, although Members have just decided to support the Government, I hope they will not disregard my proposal to urge the Government to reconsider the OPS.

With these remarks, I move the motion.

Question on the motion proposed.

PRESIDENT: Dr LAM Kui-chun has given notice to move an amendment to the motion, and his amendment has been printed in the Order Paper and circulated to Members. The proposed amendment in its present form cannot proceed because it is inconsistent with the motion of the Secretary for Education and Manpower which has already been agreed. Dr LAM, do you wish to revise the terms of your amendment?

DR LAM KUI-CHUN: Mr President, I seek your permission to change the terms of my amendment to contain only the portion of my original wording dealing with the Comprehensive Social Security Assistance Scheme and to omit the portion on mixed provident funds so as to change the amended motion to become consistent with the motion on this subject moved by the Secretary for Education and Manpower and passed by this Council earlier this afternoon. The part in Dr YEUNG Sum's original motion on the Old Age Pension Scheme will be deleted in the amended motion.

PRESIDENT: Yes, you have my leave to revise the terms of your amendment which for the convenience of Members will now be tabled.

PRESIDENT: You ought now to formally move your revised amendment, Dr LAM.

DR LAM KUI-CHUN moved the following amendment to Dr YEUNG Sum's motion:

"To delete the words after "Government" and substitute with ", on the basis of the consensus of this Council, the views expressed by various sectors of the community and taking into account the rate of inflation, to increase with immediate effect the Comprehensive Social Security Assistance (CSSA) payments to the elderly to \$2,500 per month, and to review the criteria for means tests under the CSSA scheme, in order to benefit more needy elderly."."

DR LAM KUI-CHUN (in Cantonese): Mr President, I move that Dr YEUNG Sum's original motion be amended as set out in my proposed amendment which is in the following terms: "That this Council urges the Government, on the basis of the consensus of this Council, the views expressed by various sectors of the community and taking into account the rate of inflation, to increase with immediate effect the Comprehensive Social Security Assistance (CSSA) payments to the elderly to \$2,500 per month, and to review the criteria for means tests under the CSSA scheme, in order to benefit more needy elderly."

Mr President, earlier today when we debated the mandatory provident fund, I pointed out that the problem with the Old Age Pension Scheme (OPS) was that there would be more and more elderly people and fewer and fewer young people, which would result in the pension payouts becoming less and less. And if we take won ton noodle by way of analogy, unless the price per bowl is to be raised gradually from \$10 to \$20, \$30 or even \$100, otherwise the won ton and noodle would become less and less, and at the end of the day it would become a cross between soup and water. In fact, if it goes on like this, the bowl of matter which is a cross between soup and water would eventually become "watery gruel". Moreover, as there would be the pension to rely on, elderly people would not attach as much importance to saving money as people did previously and the community would have to add more fuel to cook the "watery gruel" for the elderly people. The Liberal Party is of the view that this would not be the proper way to serve the elderly people as this would mean disrespect for them.

If a politician claims that any scheme, neither fish nor fowl though it might turn out to be, would still be better than no scheme, then I can understand that, because that's what many voters like to hear. But I myself would not have the heart to help bring about a scam when I clearly know it to be a trap, just for

the sake of pleasing the voters these days. Therefore, when the Liberal Party learns that the Government is giving up the OPS and admitting that the proposed scheme does not enjoy extensive support, the Liberal Party is of the view that both the result and the decision are reasonable, and that it is in keeping with the long-term interests of the elderly people and the community. For this reason, the Liberal Party cannot agree with the wording "strong dissatisfaction" in the original motion, and feels that it should be deleted to ensure consistency with the amendment motion proposed by Mr James TIEN, which was carried on 9 November 1994 by this Council, and also to ensure consistency with the general attitude of our community which opposes the OPS.

As to the welfare part of the original motion, since it is in fact on all fours with the motion I proposed on 14 December 1994 which was carried by this Council, if of course has my support. However, the present amendment of mine is put forward according to the Liberal Party's proposal of "a two-prong approach" after actuarial assessment thereof. It is asking for even more generous terms than what is being asked by Dr YEUNG Sum in his original motion. In the Liberal Party's calculation based on last year's money value, the basic CSSA rate for an elderly person who lives alone is to be raised from \$1,670 to \$2,300 per month, the limit for savings and liquid assets for the purpose of means tests for CSSA is to be raised from \$24,000 to \$34,500 and the allowance limit for non-owner-occupied family property is to be raised from \$12,000 to \$30,600. In this way, elderly people will be better off. Basing on last year's money value, the Government would only be required to pay an extra \$1.85 billion each year which the Government could easily afford. If this scale should not be wholly acceptable to the Government, it could be adjusted accordingly. The Liberal Party is making this requested especially for the benefit of the elderly people.

In the voting to follow, the Liberal Party will agree with the second part (namely, the welfare part) of the original motion, but is of the view that the amendment motion will do better in terms of fighting for benefits for the elderly without bringing about a heavy burden on the community. The Liberal Party will support my amendment. But if my amendment is not carried, the Liberal Party will then support the welfare part of the original motion. As for the first part of the original motion, namely, to express strong dissatisfaction at the Government for shelving the OPS, the Liberal Party thinks that this is totally wrong, and therefore will oppose it.

Under these circumstances, I would like to ask for the President's permission for Members of this Council to vote separately on the pension scheme part and the welfare part of the original motion, as well as the OPS part and the welfare part of the amendment motion.

Mr President, with these remarks, I move the amendment and ask for separate voting.

Question on the amendment proposed.

MR HUI YIN-FAT (in Cantonese): Mr President, first of all, I would like to point out that the original motion expresses only strong dissatisfaction at the Government for shelving the Old Age Pension Scheme (OPS); it does not fully reflect the serious adverse impact caused by the Government's unjustified shelving of the scheme. I therefore suggest that this Council should strongly reprove the Government in order to show that this is a regrettable event.

We all know that any public policy would one way or another lead to conflict of interests among some people or bodies. It would, therefore, never be the case for a government, particularly an unelected colonial government, to decide to implement a policy only after public consensus thereon has been sought and obtained. In a society where democracy, freedom and openness are the hallmark, divergence of public opinion is all too common. Despite this, the Governor withdrew the OPS on the ground of divergence of public opinion. What he did amounts to talking black into white in order to pull wool over our eyes.

Secondly, when the Government was hard-selling the OPS, it played up the scheme's merits on the one hand and on the other it attacked the demerits of other proposals, which included the mandatory private managed provident fund (MPF) being put forward the Government today. It also emphasized that, according to several opinion polls, more than 70% of the people were supporting the government proposal. But after the consultation period, surprisingly, the Government declared that there was divergence of public opinion and the scheme was opposed by the majority. In fact, the main reason for this is that the statistical methods the Government used and the way it interpreted public opinion are vastly different from those of the general public as well as the academics.

In regard to the remark of the Governor that during a debate in this Council there was only one Member expressing unconditional support for the Government's proposal, it only showed that he was highly selective in adverting to public opinion. My position on that day was not to oppose the implementation of the OPS although I had reservations about it for I believed that further discussion and improvement were necessary before it could come close to the objective pursued by the social workers. If proposals for improvement are regarded as opposing views, I doubt if there is any difference between our Government and an autocratic one.

A cause for serious concern is that the Government suddenly "negated" the OPS which "it itself proposed". Not only were the people waiting for the implementation of the scheme disappointed and upset, the established basis for our debate was suddenly plunged into a confused state. In fact, the more confused the situation, the more advantageous it would be to the Government's delay tactics. But I would like to point out that even a strong reproof would be too lenient to the Government in view of how it played with public opinion and figures and how it shilly-shallied. Should it be an elected government, I am

afraid that it would have to step down because it had broken its promise to the people.

Mr President, it has been the objective of the Hong Kong Council of Social Service (HKCSS), to which I belong, to fight for higher rates under the Comprehensive Social Security Assistance (CSSA) Scheme and other related allowances in recent years. Hence, I am delighted to see the proposal HKCSS made last year of increasing the basic rate under the CSSA to \$2,300, which was based on Dr MacPHERSON's report, being supported by all sectors of the community and all political parties, and regarded as a feasible plan in solving the protection problem of the elderly.

I find Dr LAM Kui-chun's amendment motion meaningful, particularly the part urging for relaxation of the criteria for means test under the CSSA scheme in order to benefit more needy people who are hovering on the poverty line. However, decision should be made only after overall consideration has been given to other factors such as which retirement protection system to be adopted. If the Government has determination and sincerity in implementing the MPF and can formulate a convincing plan specifying how to manage the operation of the fund and risks involved, then the improved CSSA scheme might be able to make up for the loss which the elderly suffer due to the shelving of the OPS. However, further discussions will be needed to determine the extent to which tomeans tests should be relaxed in order to be acceptable. I believe this is an acceptable direction in which discussions are to proceed.

Mr President, I so submit.

MR JIMMY MCGREGOR: Mr President, in this Council I have been one of the strongest and most consistent supporters of an Old Age Pension Scheme (OPS), stronger than the Government because years before the Government had anything to say about the OPS, I was asking for a detailed examination of it in various speeches in this Council, to no avail and with no response.

Suddenly, an OPS appeared possible as the Government did the first of its U turns. Millions of dollars were spent on a major detailed study on the kind of OPS that would suit Hong Kong and which would not become the financial burden on the taxpayers seen so often in Western countries. Like many others, I believed that the Government was both serious and dedicated. The OPS seemed, at last, likely to be adopted. Over 500 000 elderlies who would be the first recipients obviously agreed with the Government. They are receiving the tiny average \$500 per month old age allowances. A very strong government media campaign sought public support and a number of media surveys showed over 70% of the public in favour. The Government seemed to be contented with this and did not do what it should have done. It did not commission a major survey by a professional private sector company to obtain public opinion. The Government spent millions on the professional composition of the OPS by Wyatt's and millions more on publicity for the OPS but then, astonishingly,

relied on written submissions for or against the OPS in order to come to a view about public support. How many elderlies were in a position to read the detailed report or even its summary and respond to the Government in writing? How much promotion was done directly by the Government to achieve a balanced response? Did the Government not understand that elderlies have no capability through effective representation to respond positively? They sat at their television sets watching the happy aged couples getting their letters and payments from the future OPS. They were in for a rude shock when the results of the Government's so-called survey were published. In the meantime, the business sector powerfully opposed the OPS for reasons which make good sense for business and not much sense at all to sociologists and those who really care about the aged and their bleak future in Hong Kong.

So the Government pulled out, I think, under business pressure. Did China add to that pressure? It seems so. Did this Council, with its negative comment and lack of enthusiasm, its failure to take one major hurdle at a time, contribute to the demise of the OPS? I am afraid it did and that its sudden interest and support for the OPS at present is rather too late. I have said so to Dr YEUNG Sum and his Party colleagues, and of whom I do greatly respect, that they made a serious tactical mistake when they conditioned their approval in principle for the OPS with a demand for the long sought Central Provident Fund. The Democratic Party could have helped to form an irresistible coalition in the this Council in full support of the OPS.

Their failure to do so, in my mind, is really quite tragic for the elderlies now receiving a few hundred dollars a month under the Old Age Allowance scheme. The Council has now endorsed the Government's proposal for a MPF. There is, therefore, no possibility, in my mind, that the Council can reverse that decision and support Dr YEUNG Sum now. I want to see some mechanism in place which will provide for effective retirement protection. I also want to see the existing elderlies properly supported by the rich community. My amendment to the government motion earlier today would have gone some way in that direction. But sadly it was not adequately supported. If I thought the support for Dr YEUNG Sum's motion would help to bring the OPS back from the dead, I would vote for it whole-heartedly. It will not, so I will not. As far as Dr LAM's amended motion is concerned, he offers nothing new except the timing. The Government has already agreed to review the CSSA Scheme and no doubt many improvements will be made including increase to the various allowances within the CSSA. Dr LAM's requests for an immediate improvement can be supported. But he, like the Government, seems to have no concern about the old age allowance recipients, the lost army of 500 000 elderlies. Thank you.

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

MR FREDERICK FUNG (in Cantonese): Madam Deputy, the Old Age Pension Scheme (OPS) put forward in the middle of last year was rejected by the Hong Kong Government without sufficient justification. And more to that, without consulting this Council as to what to do with the aborted scheme, the Government has been quick to put in place the mandatory private provident fund (MPF) scheme and the OPS is being shelved resolutely, obviously under the pressure of the local industrial-commercial sector. What has caused most resentment is that the Hong Kong Government, in rejecting the OPS, has taken "divergence in public opinion" as an excuse instead of admitting to the public that it has yielded to such pressure. This "do it on the sly", "to kill with a borrowed knife" method, that is, to kill the OPS with the excuse of divergence in public opinion, has exposed to public view the despicable way the Administration goes about this OPS business.

The subject of retirement protection has been under debate in Hong Kong for 20 to 30 years. In other words, the question of retirement protection for Hong Kong people has been put off for 20 to 30 years. Nothing can make up for this delay. Local welfare benefits for the elderly have been much criticized for their inadequacy. When employees are about to retire most of them will be facing "two voids", that is, no retirement pension on the one hand and no welfare benefits for the elderly on the other. At present the number working population in Hong Kong stands at some 2.9 million, among whom only one third or one fourth have participated in privately-run provident funds. That is to say, most of those who are going to retire have no savings themselves. For this reason, they desperately need old age pension. One of the major advantages of OPS is its immediate relief to retirees in taking care of their livelihood on retirement. These are the people who, in their youth, greatly contributed to Hong Kong's economic development, which in turn has laid a good foundation for the territory's presently achievements. The OPS would be one of the best ways to give these people the most basic requital in the quickest possible time.

This Council arrived at a consensus to increase the payment of old age allowance under the Comprehensive Social Assistance scheme (CSSA). We also advocated that the basic CSSA payment per head per month should, according to international standards, be no less than one third of the median wage. This is because CSSA aims not to maintain the beneficiaries merely at a "subsistence" level, but to enable them to enjoy a standard of living that is comparable to that of the ordinary citizen, including daily personal contacts, social and recreational activities. Therefore, it is only appropriate to make the calculation basing on the international standard. Yet in the Budget proposal the Administration ignored again the consensus reached by this Council by proposing to adjust the CSSA payment upwards by 8.5%, that is, about the same rate as that of inflation. That means the beneficiaries' living standards will not be greatly improved. The Administration will make no progress in so doing.

The Administration argues that increasing the CSSA payment will "greatly increase government expenditure", and, apart from saying that further reviews are necessary, it refuses to increase this payment on the ground that

there are financial difficulties. The Administration points out that if the motion is carried, an additional \$780 million will be added to the government's recurrent expenditure. But I find to be that unjustified. In the Budget proposal published just now, it is stated that the Government has a surplus of \$7.7 billion for this year, and the balance of land fund will reach \$370 billion by year 1999. With such stupendous surplus, the Administration is in fact able to increase the CSSA payment to the international standard of \$2,500 per month. Furthermore, the *Report of Working Group on Care for the Elderly* points out that starting from 1 July 1994 76 800 beneficiaries aged 60 or above are given the CSSA payment. Now if the payment is increased to \$2,500, the monthly expenditure on this will be \$192 million, that is \$52.992 million more than the original \$139 million, or, if annualized, \$635.904 million more. This is not as much as the Administration has alleged.

The amendment asks for the implementation of mandatory private-run or public run provident fund, which I disagree. MPF's protection coverage is rather limited. At present, there are some 0.6 million housewives, 0.4 million disabled persons, 0.3 million self-employed persons or employers as well as 1.8 million low-waged employees whose wages are below that of the median wag. For these people, even if they contributed for decades they would not have accrued enough provident fund to support themselves on their retirement, not to mention those non-working people! According to information contained in a report published by the Commissioner of Labour in year 1993, in the then past five years 40% of the working population were in fact not working, whereas 30% of the working population were low-waged workers. That means 70% of the working population would require economic security on their retirement. This shows that mandatory provident fund would fail to provide most retirees with basic security on their retirement.

As far as the debate is concerned, I have this to say to Mr Michael LEUNG: Both the Governor and he said only one Member was in support of the OPS. I am not sure if he was aware of the fact that three organizations had repeatedly reflected their views to the Administration concerning the OPS, that is, the Democratic Alliance for the Betterment of Hong Kong, of which Mr TAM Yiu-chung is a member; the Hong Kong Democratic Foundation, of which Mr McGREGOR is a member; and the Hong Kong Association for Democracy and People's Livelihood (ADPL), of which I am a member. I even remember that when we met the then Deputy Secretary for Education and Manpower Mr LAM Woon-kwong, he even thanked the ADPL for being the first to voice their support. I do not know if Mr LEUNG was aware of the fact that these organizations organized a rally to ask for old age pension, during which an elderly man passed away. This incident was reported on television as well as in the newspaper. And I wonder if Mr Michael LEUNG ever heard of it or ever read of it.

With these remarks, I support the motion but oppose the amendment.

MR TAM YIU-CHUNG (in Cantonese): Madam Deputy, although we have just endorsed the mandatory provident fund (MPF) scheme, and it would be meaningless to propose the Old Age Pension Scheme (OPS) once again, I still consider these two to be complementary rather than mutually-exclusive because they serve different target groups. We should then continue to fight for the OPS.

The purported findings of the OPS consultation exercise released by the Administration earlier have left Councillors and organizations, who supported the OPS, with the feeling that they have been cheated and insulted. The views of the public and organizations have been distorted and manipulated by the Administration.

The Administration has never openly declared that the proposals in the consultation paper are perfect and that the public can only accept unconditionally without proposing any amendments or other better suggestions. Even in the case of the controversial political reform package, the Governor, Mr Chris PATTEN, emphasized again and again that his proposals were only suggestions and better ideas would be welcome.

The Administration, however, took a different attitude in the consultation exercise in respect of the OPS. The Administration stressed, and many Members already cited this, that only Mr Jimmy McGREGOR supported this scheme. Although other Members and political organisations which Mr Frederick FUNG just mentioned, including the Hong Kong Association for Democracy and People's Livelihood, the Democratic Party and the Democratic Alliance for the Betterment of Hong Kong, declared their support for this scheme and provided some suggestions for the improvement of the scheme, the Administration still considered them as opposers. Is this the most ridiculous consultation findings one ever heard? If the Administration had stated all the conditions at the outset, I believe Members would have known what to do.

In fact, all along if the Administration decided to implement a policy, it would not give up because of opposition from this Council or the public. On the contrary, if the Administration did not intend to implement a policy, for example, the Central Provident Fund, which had been agreed by the majority of this Council and jointly fought for by the six major political parties, the Administration would still be indifferent.

Whenever government officials decided to promote a new policy, they invariably lobbied the Members to have them accept the advantages of the policy and criticised other policies for their disadvantages. For example, on 15 December 1993, the Administration tried to single out the OPS which it thought was the best scheme at that time by outlining the shortcoming of the mandatory privately-managed provident fund as follows:

- (a) low income contributors would not get meaningful retirement protection in the end, even though they have to go through the same hassle of having to join a compulsory savings account for many years. But this is the group that needs retirement protection most; and
- (b) any compulsory savings scheme would take 30 to 40 years to mature before meaningful benefits could be paid. It means that for at least another 30 years, the problem of making some reasonable financial provision for old age for the bulk of the population would not be resolved. Even after the maturity period, half of the population could still not aspire to a minimum financial cover for old age since they are outside the workforce.

The above shortcomings of the MPF became the supporting reasons for implementing the OPS. When the Government now has to pick up the MPF again, only a two-page paper is prepared for Members' reference. Only the advantages of the MPF are mentioned, without mentioning a word on its shortcomings. I hope the Administration will give us a detailed explanation in its reply as to whether all the shortcomings can now be overcome.

Madam Deputy, I support Dr YEUNG Sum's motion, and I am strongly dissatisfied with the shelving of the OPS by the Government on the ground of a purported lack of public support. I also strongly demand of the Government to implement this scheme as soon as possible, so that the retired or retiring elderly people can have a basic standard living in their twilight years.

In addition, I agree that the Government should increase the present Comprehensive Social Security Assistance (CSSA) payments for the elderly to \$2,500 monthly, and the eligibility criteria should be relaxed appropriately, so that more needy elderly people will be benefited.

I would like to emphasize one more point. There are now hundreds of thousands of retired elderly people who are not members of destitute families depending on the CSSA payments for a living. Yet, several hundred dollars of Old Age Allowance (OAA) is certainly of some help to them. However, it is too strict for the Government to limit the OAA recipients' period of absence from the territory to no more than 180 days. Many elderly recipients who rely on the few hundred dollars of OAA to maintain a living in China have to shuttle between Hong Kong and China.

The Administration should increase the OAA on one hand, and on the other hand, the restriction that elderly recipients cannot stay away from Hong Kong for more than 180 days should be relaxed.

Madam Deputy, these are my remarks.

MR LEE CHEUK-YAN (in Cantonese): Thank you, Mr President. I do not want to reiterate the standpoint which I hold in supporting the Old Age Pension Scheme (OPS) because I have already spoken too much about it. I always say that what is important about the OPS is that it can solve the elderly problem of the territory. In regard to this aspect, I would not like to repeat.

Today, I would like to focus my discussion on the approach of the Administration in handling the issue of retirement protection. I think that the Administration is in disarray and is morally bankrupt. The Hong Kong Government has shelved the OPS on the ground of divergence of public views. But it always insisted that this was the best option. If the Administration really thought that this was the best option, why did it not go ahead? The Administration used to strongly defend the executive-led government. And now, where has that intrepid spirit gone?

On the ground of defending the executive-led government, Mrs Anson CHAN, the Chief Secretary, overruled Mr Michael HO's Private Member's Bill in relation to importation of labour. Why is she not defending the OPS now with the same reason? Let me further take the PATTEN package on political reforms as an example. The public views on that issue were also acutely divided at that time. I can even say that the PATTEN package was more controversial and the division in public opinion that it caused was even more glaring than the OPS. Nevertheless, Governor PATTEN still went ahead and introduced the relevant Bills to the Legislative Council for deliberation where they were passed eventually. Why is the Administration not able to go ahead with the OPS this time? What is most revolting is that the Administration is obviously holding back and shrugging off the responsibility to let it fall onto the Legislative Council. It says that the OPS has been shelved because it was only supported by one Legislative Councillor while the other Councillors sought to impose qualifications and conditions. The Administration has thus made a scapegoat of the Legislative Council. I would not have minded the Administration's refusal to implement the OPS, but why should it have shirked the responsibility to let it fall onto the Legislative Council? Does the Administration really respect so much the views of the Legislative Council? I would like to recall an earlier incident when Mr LAU Chin-shek proposed to amend a Bill in this Council. At that time, most of the Members voted for his amendment. But was it not the fact that Mr Michael LEUNG, ever so disdainfully of the views of the Legislative Council, withdrew the Bill? Why did the Administration not listen to the views of the Legislative Council at that time? Why is it pretending to be highly receptive to the views of this Council in the present case? Why then is it seeking to shirk all the responsibility to let it fall onto this Council by claiming that the OPS has been shelved at the request of this Council? I think that it is a despicable and disgusting trick, which has exposed the Administration in a state of total disarray. Before shelving the OPS, the Governor and the Senior officials were all along promoting the scheme. All the elderly persons in the territory thus thought that the OPS would be implemented very soon and that they would be able to lead a respectable retirement life afterwards. The Administration pushed the expectations of the elderly sky high and then

suddenly did a "U-turn", throwing them into the abyss of despair. No wonder some elderly persons, on Valentine's Day, alleged that Governor PATTEN was a "playboy" who had sported with the affections of the elderly. I believe that all the elderly people in Hong Kong share the same view.

I do not understand and actually all along I have been at a loss to understand — why the Administration did not set the legislative process in motion by leaving the OPS to the Legislative Council to deliberate and do decide whether it should be carried out. Is it because Governor PATTEN has been criticized by Mr ZHOU Nan for spending extravagantly on carrying out European styled socialism that the administration is now holding back? As a matter of fact, since the Chinese side has all along been refraining from formally stating its stance in the Joint Liaison Group meetings, why does the Hong Kong Government not go ahead with the scheme? Therefore, I very much want to call upon the Hong Kong Government to make a "U-turn" for the third time, by returning to the track that leads to the OPS.

In fact, support for and opposition to the MPF and the OPS are more or less evenly balanced with neither scheme getting overwhelming support from the community. Such being the case, the Administration can actually choose to carry out a scheme which it thinks is the best, namely the OPS, or to pass the MPF today. Another alternative is to carry out the MPF and the OPS simultaneously, as the two schemes are in fact complementary to each other. While the OPS can help the existing elderly people and the future low income group, the MPF can help prepare the employees for their future. If the MPF is unable to help the low income group, the OPS can help. Therefore, the best option is to run the two schemes at the same time. But I have to attach one more condition, that is, the MPF must have protection against risk. As matter of fact, the perfect option is the OPS in addition to the MPF.

Finally, I would like to respond to the remarks made by Dr LAM Kui-chun. In regard to the Liberal Party's support for the increase in the Comprehensive Social Security Assistance (CSSA) Payment, I of course also give my support to it. Nonetheless, it is those elderly persons who do not come under any set category that we actually have to help. They are those who are ineligible for the CSSA payment. They are those whose children will not sign to indicate that they are not supporting their parents, but will not care much about them either. While these elderly persons may be able to share the same table with their children at dinner, they will not be given any money by their children to lead their own retirement life. I believe that there are a lot of elderly people of that sort. And I do not understand why Dr LAM Kui-chun would say that the OPS was "cooking a watery gruel". I think the reason for "cooking a watery gruel" is that the Liberal Party itself has not poured in any rice. If the Liberal Party gives its support to the OPS, it will not become "watery gruel" but will be "meat-ball congee" of which everyone can have a share. I thus personally think that the OPS will become "watery gruel" only when the Liberal party does not give its support. When you remark that the OPS is "watery gruel", it is actually you who have made it so for which you

should bear responsibility. Do not say that the OPS itself is "watery gruel". I very much hope that the Liberal Party will support the OPS so that all the elderly people in the territory can have a share of "meat-ball congee".

Thank you, Mr President.

MR MARTIN LEE (in Cantonese): Madam Deputy, when my son was small, every time he made a mistake, he laid the blame on others. He never considered that it was his own fault. Instead, it was others who had done wrong that made him do wrong. He is 13 now. He has grown up and knows that he cannot blame his fault on others all the time. Instead, it is now the turn for high-ranking government officials to pass the buck and lay the blame on others. I really do not know whether to cry or laugh over this. If the Government is confident, it will just "do a U-turn" whenever it feels like it. "Making a U-turn" is not a piece of big news to this Council. We have seen only too many instances of its. I would rather have the Government tell others why it "did a U-turn" instead of blaming others. In fact, when you "do a U-turn", you can never blame others because it is you who is controlling the wheel. Even if you had to "do a U-turn" to avoid hitting a Legislative Member, you would not have swerved and made a 180° turn to be followed by yet another 180° turn, would you? In fact, the Government could have made a confession and explained the reason to others. If it was due to the Chinese Governments' objection that the Government did not dare proceed with the plan, all the Government need to do was to make a clean breast of it. Why did it have to go about it in such an awkward manner?

When voting on Mr Michael LEUNG's motion moments ago, Members might have heard someone cry "No" very loudly. That was me. I do not have a loud voice but I was so angry that I cried out "No" so loudly for so long. That was because I felt that the Government's way of dealing with this issue was extremely deplorable. When Mr Michael LEUNG spoke, it appeared that he was purposely picking on everyone. He accused Mr Michael HO of misleading the public. But when some Members requested him to clarify, He refused to respond and at the same time refused to let others clarify. He presented a simple proposal covering no more than two and a half pages and demanded support from all Members. I am even more at a loss as to why so many Members supported such proposal. The Administration said that after getting the support from this Council, it would ask experts to study the proposal. I am worried that this would only be like the sewage disposal proposal which failed to work even after the experts submitted reports. I wonder that the Members who have just expressed their support would do by that time! To my surprise, so many have actually supported the motion — so many have fallen into a trap without realizing it!

Once a precedent is set, what follows will be out of hand. In the future, the Government will not have to say much on anything and it will not have to prepare a complete proposal either — since a two-and-a-half-page one can do, a three-page one will even be less of a problem and will pass muster. What

should we do? Support it again? If we do not support it, the Government will lay the blame on us again. What kind of sense will that be? What kind of government is that?

Concerning the *Wyatt Report*, the Government said that the past report was irrelevant to the present scheme and so even if it was given to us, it would not be of any use. But I find it strange that the Government should be so anxious not to let anyone see it. The more it is afraid to let people see it, the more people want to see it. That is why Mr LU Ping said: It is precisely because you will not let me see those that I just have to see them. This kind of reaction should, in fact, strike a chord of unison in us. I really feel sorry for him today because the present situation is just like that. Why does the Government not let others see what the report really is about? What harm will it do just to look at it? The Government can let people see it and then explain later. If it is really very irrelevant, we will know that it is irrelevant after working at it and we will naturally say that Mr Michael HO was asking for trouble. Why should the Government try to cover it up and refuse to let others see it?

I also see the faithful supporter in Mr Jimmy McGREGOR. The Governor said only one Member supported the Scheme. He really paid no regard to any other Member. Mr Frederick FUNG is, of course, very unhappy. Mr TAM Yiu-chung is very displeased too. They have expressed their support but have been totally disregarded. The Governor has only looked in Mr McGREGOR's direction and said that only he supported the Scheme. In fact, Dr YEUNG Sum's present motion was actually tailor-made for Mr McGREGOR. But Mr McGREGOR had really all the wits about him! He actually explained why he did not support this motion. He said the Government had "done a U-turn" twice; it had no more reason to "do yet another U-turn" the third time. If he really thought that the Government would have the chance to "do another U-turn", he should have given his support. Why was he so sure that the Government would not "do another U-turn" again? It has made a turn once, twice; why would it not have the chance to make another turn the third time? I really do not understand why this faithful supporter should have voted against the motion.

Madam Deputy, is this Council a rubber stamp? I really do not understand it. The Government has done this kind of thing again and again — what on earth does it take us for? The Government has said that Hong Kong citizens should participate in the elections. It has also said that we are to promote democracy. But when dealing with this issue, it completely ignored the opinions of the Legislative Council Members. This proposal had not been put to the vote in the Legislative Council. How did the Governor know that we did not support it? How can it be so sure? What exactly is the Government led by — is it an executive-led, a "lame-duck-led" or actually a "wretch-led" government?

Madam Deputy, with these remarks, I support the motion.

THE PRESIDENT resumed the Chair.

MRS SELINA CHOW (in Cantonese): Mr President, I believe that everyone knows it very well that the senior government officials in the Chamber today are indeed having a hard time. This is because we really do not know who is to be held responsible for the plight the Old Age Pension Scheme (OPS) is facing today. The Executive Council or the Governor? Anyway, it is in fact the Administration itself who has asked for the humiliation.

The Governor, Mr Chris PATTEN, said the other day that the Administration has done two U-turns. While he gave reasons that relate to this Council, the Chinese side and the industrial and commercial sector, if we do give the matter some careful thoughts, there is simply no ground whatsoever for doing these U-turns. Had the Government been persistent in the first place, the mandatory retirement protection scheme might have been implemented by now. As far as I remember, this scheme was put before this Council in 1991 in form of a policy. If the Government is genuinely sincere to implement the scheme as soon as possible, the scheme should have been put into effect by now. Regrettably, another scheme was unveiled instead following the taking over of governorship by the Governor, Mr Chris PATTEN. The community, in fact, has considerable reservations about the scheme that he initiated. I am not minded to discuss any further the extensive controversy in the community that his scheme has triggered for the past one year or so. I think it is unnecessary for me to repeat the points of contention here. But, undeniably, the Government must be held responsible to a very large extent, and so must the Governor, for replacing the originally proposed retirement scheme operating on the basis of savings with some sort of old age pension scheme which blurs the distinction between pension and welfare. Since we are to return to the right track again and in view of the Government's genuine willingness to put into effect a mandatory retirement scheme, we should urge the Government to proceed speedily. Strangely enough, some colleagues have sent the Government some very confusing signals saying that Government ought to do this and ought to do that, thus giving the Government every excuse to do nothing at all. I hope this is not the case.

All along, the Liberal Party supports the idea of basing the pension scheme on the concept of savings at a cost that the community can afford. We consider this concept very suitable for the community of Hong Kong. We are against the adoption of that contributory scheme which mixes retirement benefits with welfare benefits and which was introduced in the wake of a U-turn; such scheme is considered even by western countries a mistake and a mode that seriously encumber the economy. This is where we have constantly taken a firm stand.

Besides, I would like to talk about the amendment with respect to the welfare provision as proposed by Dr LAM Kui-chun. Where the Comprehensive Social Security Assistance (CSSA) payment for elderly people is

concerned, if Members care about the elderly people, I really do not see any reason for Members to oppose the amendment because the amendment only serves to extend the scope of Dr YEUNG Sum's original motion, whereby the number of recipients of the CSSA payment will increase by as many as 50 000. We hope to relax the criteria for means test. In doing so, those old people who are on the margin of the criteria or who are not presently covered under the scheme as mentioned by Mr LEE Cheuk-yan will be able to benefit from the scheme. Apart from calling on the Government to adjust the payment from \$2,300 to \$2,500, I have to remind Members that this adjustment in the payment was first brought up by Mr James TIEN in the programme "City Forum" and was later agreed on having taken into account the inflation factor. This is one innovative idea. Just now Mr Jimmy McGREGOR remarked that the amendment offered nothing new. In fact, there are new ideas. The second innovative idea is our call for a relaxation of the criteria for means test in order to benefit more elderly people. These are novel ideas.

Our amendment is certainly an improvement on the original motion and the welfare provided to the elderly people will hence extended. It is my hope that, regardless of the extent to which Members dissent from the first part of Dr YEUNG Sum's motion conceptually and philosophically, Members can, in respect of the second part, see the essence of the amendment and support Dr LAM Kui-chun's proposal to relax the criteria of welfare provision for the elderly people. If we merely say that this is nothing new or, as others have said, that the raising of the income/asset ceiling for means test purposes seems to make things more complicated, the Government will definitely rule it out. We all know that the Government is sure to say no whenever we call for an increase in the CSSA payment. Yet, if all my colleagues in this Council agree to adjust the CSSA payment in line with the inflation rate on the one hand and relax the criteria for means test on the other hand, many more old people will, in turn, be benefited. For this reason, I call for Members' support. At least we should reach a consensus to support that part of the amendment motion.

MR MICHAEL HO (in Cantonese): Mr President, I am glad to have this motion so that further discussion on the issue of old age pension is made possible. When I spoke earlier, I could only explain but could not respond to others' comments. However, I would like to discuss the response made by Mr Michael LEUNG on the subject of old age pension. The Secretary for Education and Manpower, in his earlier reply, remarked that the Legislative Council had missed the chance of securing the Old Age Pension Scheme (OPS), that Members of this Council could not change the Hansard record, and that Members could not deceive the public. I also agree that we cannot change the record. But I hope that the public and the mass media can go through the record carefully and decide how best to interpret the record. It is definitely not Legislative Members who are deceiving the public. How can conditional support, that is, some conditions being proposed to improve the scheme, be regarded as constituting opposition to the scheme? The mention of tripartite contribution and the like is nothing but minor details as regards the mode of

contribution. How can this be interpreted as opposition to the OPS? I think this view-point is fallacious. I do not want to respond in such terms as those in which Mr Michael LEUNG couched his two statements when making certain allegations against me a moment ago. However, I have a feeling that these two statements may even be more appropriate in describing the attitude of Administration. Of course, public opinion will decide whether this is more appropriate or not. But there is at least a group of reporters listening to this debate outside the Chamber today.

I am also glad that the official who is responding on behalf of the Administration tonight is not Mr LAM Woon-kwong, the former Deputy Secretary for Education and Manpower. Otherwise, I would think that it should be a very painful experience for a person to deny his past and attack his past statements with strong, eloquent arguments. I also feel that it is quite unfair to the Policy Secretaries to force them to do a "U-turn" twice by way of expounding the Administration's position.

During a meeting of the Panel on Manpower of the Legislative Council, Mr LAM Woon-kwong, the former Deputy Secretary for Education and Manpower, appeared to be a little impatient with Members' enquiries. He "advised" Members to offer more support and express less doubt when he put forward the OPS. Unfortunately, it is now a proven fact that Members were right to be skeptical on that day. The OPS is only a feint and a political gimmick to attack the Legislative Council's consensus of requesting the Administration to shoulder the financial responsibility in regard to private provident fund. As a matter of fact, the Administration has already achieved its purpose. Today, Members from the Liberal party have given their unconditional support to the mandatory, privately-managed provident fund system (MPF) put forward by the Administration today.

The Administration used to allege that Members were indulging in party politics. But judging from the case of retirement protection, the party who indulges in political games is the Administration, not this Council. In 1992, the Administration put forward a mandatory contributory retirement system. In 1993-94, the Administration put forward the OPS. And now in 1995, it is putting forward the private provident fund again. But there is of course some difference this time, because the one being proposed now is a mandatory, private-managed provident fund system. However, from the whole process, we can notice a fact, that is, our Administration is totally devoid of any clear political objectives. It is confused as to who the target beneficiaries of retirement protection are, how large the scope of protection should be, where the financing should come from and so on. When the Administration put forward the OPS, it emphasized how the retirement life of the retirees and the unemployed would be protected. However, when the Administration took a "U-turn", it forgot all the view-points pertaining to the earlier promotion of the OPS. May I ask the Administration whether there is any solution to the post-retirement income problem of those 300 000 elderly people whose income is below the median wage level and above the poverty line? Can the MPF provide

any solution to it? I hope that the Secretary for Education and Manpower can give an explanation in this respect, and I hope that he can explain it more clearly. I will stand up whenever I find it necessary to ask for elucidation. But of course he can choose not to elucidate.

All along, the Democratic Party believes that the long-term solution to the problem of retirement protection is to have the contributory OPS as the first layer of protection and the central provident fund (CPF) as the second layer of protection.

As the merits of the OPS put forward by the Administration have already been mentioned earlier, I am not going to repeat them here. Nevertheless, many Asian countries are now facing the problem of an aging population which is bringing an ever-increasing financial burden to the governments concerned. While the OPS can solve the social welfare problem by pooling social resources, it can do nothing about the problem of an aging population; whereas the CPF can provide remedy precisely in this respect. The two schemes are thus complementary to each other. The OPS can satisfy immediate social needs within a short period of time, whereas the provident fund will take 20 years for its benefits to mature.

The dilemma that the Administration is facing today is that, policy-wise, the Administration cannot rule out the OPS; but when the OPS was being put forward, the Administration ruled out any form of provident fund. The Administration already clearly ruled out any form of provident fund. When it puts forward the private provident fund again today, I find it indeed difficult for the Administration to justify itself policy-wise.

The Democratic Party reiterates its support for the OPS and hopes that the Administration can reconsider implementing the CPF.

With these remarks, I support the original motion of Dr YEUNG Sum.

MR ANDREW WONG (in Cantonese): Mr President, just now I have on three occasions asked the Secretary for Education and Manpower for elucidation but to no avail. Indeed, I just want to put a few simple questions. I just want to ask the Secretary if he has read my speech. If he has not, I have prepared a photocopy which can be given to him. If the speech delivered on 9 November is not so clear, that is because it mainly deals with conceptual ideas. In fact, it is more appropriate to call the scheme "old age subsistence" which is a concept entirely different from that of retirement protection.

Taking this opportunity, I would like to read out some of the statements I made in the Policy Debate on 20 October to make sure that Members understand my views more clearly, to quote, "Although the opinions of the community are divided over this plan, I would like to take this opportunity to express my support for the scheme. It is a commendable plan. I urge the Government to

have it implemented as soon as the consultation period is over. The Government also owes us the responsibility to give an honest explanation to the public by clarifying that it is in fact an "old age assistance" rather than a kind of "pension". It should be clearly explained that the scheme is actually originated from the concept of levying tax for the purpose of supporting the elderly, instead of making contributions. In other words, it is a commitment of the younger generation to the older generation. Regarding this scheme, I understand that the community has divided opinions — with the low-salaried inclining to support it but the well-paid feel inclining to oppose; the retired-to-be and the retired tending to say yes but the young tending to say no. I must reiterate that it is a form of tax, not a kind of contributions. I appeal to the public's conscience when they make their choice and hope that they can commit themselves to supporting their elderly family members. The major political parties should, just for the reason that they have made such a promise, lend their support to the establishment of a central provident fund which can only produce the desired result after 20 years, and subsequently abandon the "old age assistance scheme" which not only bring immediate benefits, but is also equitable, fair, conscientious, moral and courageous."

In debating this issue, the Government, without referring to what the Members actually said on previous occasions and without bothering to find out what it was that they supported, is alleging outright that only one Member supported the proposal. I cannot help but wonder if this approach represents a flaw or lapse in decision-making or if this is an excuse for saying that the Members opposed the proposal in that they put forward on 9 November other suggestions and demands which were different from the original plan. What a laughing stock it is making of itself!

Earlier on due to shortage of time, I could not finish the last part of my speech. But I do not intend to read it out now because I think I have made myself clear in the statements made during the Policy Debate. The Governor, Mr PATTEN, said recently that he hoped Hong Kong would become a more loving, caring, gentle and affluent society. Today what we are talking about is exactly the loving and caring society and it is precisely what we are aiming at. I have heard various analogies about food in today's debate and I have also drawn some as well. Among other things, there are fish and bear's paw, apple and orange. But what is most amusing is the analogy of won ton noodle and fish ball rice noodle. In essence, it is a simple philosophy. As Mr LEE Cheuk-yan has suggested, the Old Age Pension Scheme covers, in effect, retirement protection and social security for the elderly which can be linked together and implemented in parallel. Not only do we want won ton noodle, we want fish ball rice noodle as well. If I am free to choose between fish and bear's paw, apple and orange, won ton noodle and fish ball rice noodle, I will take both in each case. But if I am to choose just one thing, I will take the one that is readily available.

The subject of debate is very simple. Actually, the two debates are of the same nature. I want more than just fish ball rice noodle. And fish ball rice

noodle will not be ready until after a few decades' time. Some people may have it for the time being, but it is just plain fish ball or plain rice noodle that is available, or with neither soup nor broth. As to "watery gruel", I really do not understand what it is.

Finally, I would like to call on Members to join hands wholeheartedly to work out a consensus which is for real, not "for pranks". What Dr LAM Kui-chun has put forward is precisely a consensus. I believe the Government will vote against it whereas other Members will vote for it. Nevertheless, it is not an exclusive proposal by the Liberal Party, but rather, it is something on which all Members of this Council have agreed. Therefore, the crux of the problem lies in the first part of the motion, namely, whether we are dissatisfied with the Government's decision to shelve the Old Age Pension Scheme. Mr HUI Yin-fat expressed dissatisfaction at the Government's decision and even asked to censure the Government for that. Today I am surprised to find those renowned and unyielding fighters of democracy, freedom and people's livelihood all becoming very realistic. Mr Jimmy McGREGOR is one of those, and so are Miss Emily LAU and Mr CHIM Pui-chung. We all know that they are always filled with indignation and yet, today, they all become surprisingly realistic.

Supposing your parents say you can only choose between won ton noodle and fish ball rice noodle. But, in the meantime, you cannot have won ton noodle. Only fish ball rice noodle is available. Are you going to take it or not? And if it will not be ready until 30 years later, are you going to take it then? This is where the crux of the problem lies. In this regard, may I appeal to Members not to be duped by the amendment motion of Dr LAM Kui-chun. I do not know how to vote on it. I think the best way is to split the motion into two parts, as Dr LAM Kui-chun has requested, for Members to vote on each. I now call on all Members from the Liberal Party to support the first part of the motion.

DR LEONG CHE-HUNG: My name has been mentioned and Mr Andrew WONG mentioned that the medical profession opposes the Old Age Pension Scheme (OPS) simply because we are a high-pay or high-income profession. I think it would be time that I made the point clear.

The medical group did do a survey and submitted to the Government the reasons behind their opposition to the OPS. I take the opportunity to express their feelings.

We all agreed on the fact that it is a duty of a caring society to ensure that a decent and dignified living be provided for all our senior citizens. Yet any form of universal retirement scheme should be fair, workable, sustainable and acceptable to all sectors. We feel that the OPS as proposed has the following problems.

First of all, in relation to feasibility and sustainability, we felt that firstly despite the Government's optimistic projection there is a general worry that a dependency ratio will be rising acutely and there will be less and less people contributing versus more and more people drawing from the fund. There will be a problem of sustainability. Secondly, many members of the profession are sceptical of the Government's over-optimism in the projection. They feel that in deriving a decision of such scheme with far-reaching impact on this generation and beyond, a more conservative projection after thorough, detailed research is needed. Thirdly, there would be considerable difficulty in collecting a levy from certain self-employed categories, such as hawkers and taxi drivers. And fourthly, there is a great concern over the high administrative cost in running the scheme. It should also be remembered that the sustainability and effective operation of the scheme relies greatly on the capability of collecting a maximum percentage of levy from all eligible contributors.

In relation to fairness, we thought firstly it is against the principle of fairness that one's contribution far exceeds the amount he or she could withdraw upon retirement. Secondly, a ceiling should be set at a level acceptable to all sectors involved. The proposed scheme borders on robbing the rich to subsidize the poor. Thirdly, the levy is in effect a poll tax for the working population, and we thought the Government should call a spade a spade. Fourthly, such additional tax is especially unfair for the self-employed who have to contribute 3% of their assessable profit into the OPS. It is simply an increase of three percentage points on taxation, a rise on the current maximum 15% standard rate to 18%. Worst of all, they have to pay such levy as long as they have profit, regardless of one's specialist status, or even when the amount is already too small to be included into a profit tax network. Fifthly, the medical and dental profession is in private practice, the hardest-hit amongst the professions. Very few of them practise as incorporated business. The majority is self-employed. Sixthly, to keep the administrative procedure simple, a declaration of assets rather than an actual means test for every applicant is more appropriate. At the same time, many of my constituents doubt the rationale behind setting \$2 million as the level of financial resources for eligibility as OPS beneficiaries. The size of assets can already generate about \$10,000 interest, possibly enough for a reasonable living.

So it is with this in-depth reasoning that we oppose the OPS, Mr President, and not because we are a high-income profession. Personally and on behalf of the profession, I would object to Dr the Honourable YEUNG Sum's motion. Thank you.

MR FRED LI (in Cantonese): Mr President, Mr Andrew WONG has just mentioned a lot of food items. I do not want to talk about food anymore. However, it seems that Members are all fed up with "noodles", that is to say, "cat noodles" (which in Cantonese means "tongue-lashing".) We gave government officials a tongue-lashing and Mr Michael LEUNG also gave us some tongue-lashing. I just said that I was very angry, and after hearing Mr

Michael LEUNG's speech, especially the first half of his speech, I was all the more angry. However, since I have been participating in election activities recently, I am rather exhausted and I can only express my anger in a gentle manner.

I have to repeat one point. It is about the speeches of the eight Members I mentioned — Mr LAU Chin-shek, Mr HUI Yin-fat, Mr Jimmy MCGREGOR, Mr Frederick FUNG, Mr CHEUNG Man-kwong, Mr Michael HO, Mr James TO and Dr YEUNG Sum. Their speeches already clearly indicated their hope to have the Old Age Pension Scheme (OPS) implemented as speedily as possible. Mr Michael LEUNG said that, other than Mr Jimmy MCGREGOR, they all attached qualifications to the OPS. For example, some requested for the setting up of a Central Provident Fund or a tri-partite contribution mode, and some mentioned the Old Age Allowance. He said all these would be detrimental to the OPS. Therefore he concluded that the Members were opposed to the scheme. I do not understand what kind of logic the Government was following. If the Administration put forward a policy, for example, the OPS, it surely regarded the OPS as the best option that could provide for retirement protection. The Administration then claimed that a consultation exercise would be undertaken in respect of the proposal and views were invited from the community after the issuance of a consultation paper. However, if one should give too many opinions, one would be regarded as a protestor. Only if unconditional support was given would the scheme be implemented. The Government was really not playing fair. It should state at the outset that all Members had to give unconditional support to the OPS, otherwise the Administration would take qualified support for objection, withdraw the scheme and come up with another option. If the Administration had stated this clearly, we would have accepted the OPS unconditionally and the Central Provident Fund could be proposed later through a Private Member's Bill. However, the Administration did not state this clearly at the outset because it would like to consult this Council's views. Actually, we all supported the scheme though we hoped for a better one. The Administration then said we attached too many strings to the scheme and therefore we were all protestors. Only Mr MCGREGOR was the supporter of the scheme because he supported it unconditionally. What kind of approach was this?

If the Administration still relies on the excuse that only one Member in this Council supported the OPS, I will have to stand up to express my regret and my strong dissatisfaction. What is the meaning of consultation? What is a Legislative Council debate? If we Legislative Councillors were so powerful that the Administration would need to counter our influence by raising immediate objection whenever we put forward our demands and suggestions, I would rather not be here. I was overwhelmingly flattered when the Administration claimed the views of the Legislative Council would be respected. The Legislative Council already arrived at a consensus to have the Comprehensive Social Security Assistance (CSSA) payment increased to \$2,300 and to \$2,500 as suggested today. Mr WONG Wai-yin already moved a motion at a very early stage. But what impact did it have on the Government? Did the Government

act according to our wish? No. We agreed that the Housing Department should not implement the double-rent policy. Did the Government comply with our suggestion? No. We are faced with a grave situation where a double set of standards exists. Mr President, I remembered that Mr SZETO Wah once said, "When there is trouble, it is ZHONG Wuyan to whom the king would go for help; when trouble is over, it is XIA Yingchun's company that the king would seek." Again, the case before us is a glaring example. The Legislative Members are turned into "fall guys" and made to carry the can. The Democratic party is very distressed.

I met an Executive Councillor earlier and he immediately blamed the Democratic party for not supporting the OPS. He said the scheme now had inadequate support because of our opposition and only Mr MCGREGOR would support the scheme. His view tallied with the standpoint of the Administration perfectly. I felt deeply aggrieved. The Democratic Party supported the OPS but we became fall guys just because we put forward additional proposals which were regarded by the Administration as opposing views. If that was the case, what more could I say? I only want to say we find it regrettable that the Government should have distorted our support for the OPS.

Mr President, if the motion moved by Dr YEUNG Sum was shorn of the first part, it would be meaningless. We would like to express our support for the OPS and our dissatisfaction at the action of the Administration once more. If we only mentioned the suggested increase of the CSSA payment to \$2,300 or \$2,500, it would not serve much purpose. It is because we have proposed it many times in the past already. Would the Administration listen to us even if there is one more occasion for discussion? I believe Members all know the answer.

These are my remarks.

MR WONG WAI-YIN (in Cantonese): Mr President, I originally did not intend to speak. However, after hearing Mr Michael LEUNG's impassioned response during the debate on the first motion, I cannot help saying a few words.

Our colleague, Mr Fred LI, said that we had got a "tongue-lashing" from Mr Michael LEUNG. In a stricter sense, we did not get a "tongue-lashing" but we were forced to eat crow. That countenance, that tone, that attitude, as displayed by Mr Michael LEUNG during his response, have refreshed my memory of what a "bureaucrat" is like — a genuine, real-life bureaucrat. As described by Mr Michael HO, the underlying tone of Mr Michael LEUNG seemed to be conveying to us this message: "It serves you right! It is your own fault not to have lent the Old Age Pension Scheme (OPS) unconditional support at that time. Now the time has passed and you beg the Government to proceed with the plan. It is already impossible now because what you said at that time has been clearly noted down in the Official Record of Proceedings. There is no way to amend the record." What an attitude!

In fact, when this Council debated the OPS, the Democratic Party indicated its support for the scheme. All we want is to attach some additional and better conditions to the OPS to better fit the scheme to the needy. Dr K C LAM has been using the parable of "noodles" and "rice vermicelli" to describe the need of the elderly. Maybe Dr LAM does not really understand the need of the elderly. In contrast, I have been serving the elderly for 10 years and I am now the incumbent Vice-chairman of the Association for the Rights of the Elderly. I understand that the elderly people always prefer rice to either "noodles" or "rice vermicelli". Therefore, the Democratic Party has been proposing to introduce a Central Provident Fund (CPF) while Comprehensive Social Security Assistance (CSSA), as a supplementary to CPF, may operate side by side to assist those who are not eligible for payment under the CPF scheme. I will describe our proposal as "rice with barbecued pork and chicken". As for the OPS, I will describe it as a bowl of "rice" and the conditions that we intend to attach to the scheme, such as requesting the Government to contribute or to adopt other measures, are "barbecued pork", so that the elderly may, at least, enjoy a bowl of "rice with barbecued pork".

Now the Government has told us that since the Members do not support the OPS, the Government will not proceed with the plan. However, it has sought to reintroduce the mandatory privately-managed provident fund. MPF is undoubtedly a bowl of "watery congee". If we take the contributions as "rice", then we may have the chance to enjoy a bowl of rice if the rice is put into the pot and is properly cooked. However, if a particular company goes bust, then the rice will be gone. To continue cooking while only water is left, maybe even "watery congee" will be not available.

What Mr Michael LEUNG has always been emphasizing is actually the request for the Legislative Council to become a rubber stamp again. Are those government officials still pining after the days when all the Legislative Council Members were appointed Members? The officials worked happily in those days and hardly any trouble would ever come their way. They only needed to take their proposals to the Legislative Council to get approval and the proposals would be proceeded with as planned. Times have changed and the good old days are gone. There are numerous views and requests in this Council. Is it true that the Government cannot cope with the demands and the suggestions of Members of this Council? Is the Government requesting this Council to act as a rubber stamp again? The Council is no longer what it used to be. The Branch Secretaries should not pine after those bygone days.

Mr President, in the course of Mr Michael LEUNG's speech, many of my colleagues in this Council, such as Mr Andrew WONG, Dr YEUNG Sum and Mr Michael HO, have asked for elucidation from Mr LEUNG, but he refused to clarify. Obviously, he was not courageous enough to face the questions and our queries. Why? It was because he was not able to give an answer and he dared not give one. If ever he tried to reply, he would not be able to keep his ill intentions under wraps. I really have no idea how Mr LEUNG is going to face up to the public and respond to the requests of over 500 000 elderly people aged

65 or above. Mr LEUNG, dare you go to visit some elderly centres these days and face up to the queries put forward by the elderly people? How are you going to answer their questions? I am sure you will not be able to give a reply. Will you refuse to reply again?

As for the OPS, I have just said that the Government tried to sell the OPS with an unprecedented no-holds-barred publicity drive. They even broadcast an API on TV in which two elderly people were shown to be receiving a letter informing them that their applications had been approved and they were eligible for old age pension payment. While the scheme was yet no more than an amorphous concept, the Government were already showing on TV that payments were available. This API has formed a distorted picture in the mind of a lot of elderly people who believe that they can get money from the Government. They even come to my office to enquire about the time they can receive old age pension, the application procedure and the time they can receive the \$2,300 allowance. This is actually raising false expectations among the old people and their hopes have been reduced to illusions. How are you going to face up to the elderly?

As for CSSA allowance, Mr Fred LI has just mentioned that I was the first to call for the raising of CSSA allowance. In February last year, I urged the Government to raise CSSA allowance to \$2,100, which was the level of old age pension as proposed by the Government at that time. I remember that when this Council was debating the motion, I was criticized by many Members of this Council for "stealing a head start". Dr K C LAM said that I was advocating welfarism, and that it would induce laziness in people. How could Dr LAM really take the request of raising CSSA allowance as an initiative taken by the Liberal Party and a request raised by the Liberal Party? Mrs Selina CHOW said that Dr LAM's request aimed at relaxing the criteria for conducting means test so as to benefit more elderly people. I support this request but the OPS that we support can benefit even more old people aged 65 or above. I do not understand why the Liberal Party does not lend its support to this request. That is really puzzling.

Mr President, I want to quote LU Xun's words as my concluding remarks: "Flies would fly away when they perceive a threat but would fly back just a while." It is a pity that the Government has flown away for over two and a half years but now it flies back to the starting point — the mandatory privately-managed provident fund scheme.

MR LEE WING-TAT (in Cantonese): Mr President, I would like to say something about today's debate. It is a common practice to have a debate in parliament. People may understand each other's views through an exchange of ideas. Ultimately, they may or may not reach a consensus.

In its early days, debates in the Legislative Council were conducted according to a speaking order based on seniority. After making a speech, a

Member would press a button. Later, the practice was regarded as inappropriate since this was not what is being done in a western parliament, bearing in mind that a number of our colleagues came from Britain. Traditionally, in the British parliament, if one wants to raise a question, one needs to stand up. The Speaker of the House, and in the case of this Council, you, Mr President, would choose one from among those who stand to speak. In this way, debates can be made more lively and Members with different opinions may exchange ideas. Members may respond to challenges to any of the points made in their speeches.

In today's Council meeting, there have been a lot of opposing views expressed in rather strong terms. There were colleagues who would like Mr Michael LEUNG to elucidate. Unfortunately, according to Standing Orders, the decision to elucidate is left to the speaking colleague. This stifles many necessary discussions. In a way, this is not desirable. so I am considering making a request to the Democratic Party to look into the possibility of amending the relevant part of the Standing Orders to require the speaking colleague to respond, especially when he or she is talking about something totally different from what other Members think or something that amounts to an attack on somebody, for example, accusing somebody of distorting the facts or misleading others. This is very important to parliamentary proceedings. It just will not work if somebody simply stands and reads out a speech. Nor will it work if a speaker accuses others of wrongdoing of any sort and then responds by saying "No", "No" and "No" when requested to elucidate. I have never seen at any debate a government official who would shy away like a tortoise with its head and four limbs withdrawn. After finishing his speech, the Secretary refused to respond to any requests to elucidate. Winning in a voting does not mean a real victory. It just means you have more votes at the moment of voting. If you were a hero, and were confident that your views were well-grounded, why did you not answer queries? Why did you not take on challenges? This is not just a matter of Standing Orders. This concerns the issue of whether a Council Member is courageous enough to face up to challenges in the face of a difference in opinions. I have never seen the Government shying away from elucidating or responding when challenged. This has nothing to do with whether the Government is elected or not. This is an issue related to whether a ruling government with authority is willing to respond to challenge from the masses or to different views expressed by Legislative Council Members.

I am very disappointed today because Mr Michael LEUNG has been shying away from elucidation requests made by Mr Andrew WONG and Dr YEUNG Sum. The part that needed elucidation involved the correct views we hold about the issue under discussion. Of course, Mr Michael LEUNG had the right not to respond, but Mr LEUNG, do you think that this is what a hero should do? Do you think not responding in this Council is conducive to truth-seeking through debates? So, Mr President, I feel very disappointed about today's debate. This has nothing to do with winning or losing in voting. This has to do with not having the opportunity to have an open and frank debate on

different views. We have even failed to uphold the tradition of parliamentary proceedings in this Council, which tradition includes the decency of having everyone stand up to respond to and debate about different views.

PRESIDENT: Dr YEUNG Sum, do you wish to speak? You have five minutes to speak on the amendment.

DR YEUNG SUM (in Cantonese): Thank you, Mr President. Firstly, I urge Members within and outside this Chamber to accept Dr LAM Kui-chun's amendment. Let us think for a moment. What Mr Andrew WONG has just said is right. If Dr LAM Kui-chun's amendment was accepted, the former part of my motion would have no effect, namely, expressing strong dissatisfaction at the Government for shelving the Old Age Pension Scheme (OPS) and urging the Government to implement the Scheme as soon as possible. The latter part of my motion, like Dr LAM Kui-chun's amendment, also proposes to increase the Comprehensive Social Security Assistance (CSSA) payments. Hence, if Members wish to increase the CSSA payments, they can simply support my motion. Even if they support the mandatory, privately-managed provident fund system proposed by the Government, they can still support the OPS because the objectives of the two schemes are different. The OPS serves to help the retired, those who would soon retire and the low income group. The provident fund system serves to help those who are now working by providing retirement protection for them many years later. Hence, I hope that Members will support my original motion and vote against Dr LAM Kui-chun's amendment.

SECRETARY FOR EDUCATION AND MANPOWER: Mr President, I will focus my response on the first part of Dr YEUNG Sum's motion. My colleague, the Secretary for Health and Welfare, will speak on the CSSA payments.

I should start by stating the basic policy on retirement protection, that is, we are talking about only one form of retirement protection. It is either an RPS, or an OPS, or as we have just agreed, an MPF. It must be a system which is practicable, affordable and sustainable, and acceptable to the people of Hong Kong, to this Council and to the future sovereign power. Without these conditions, any scheme would be totally not acceptable and certainly not possible to be implemented.

Now that we have agreed to the MPF in an earlier motion, it is not our intention to reopen the question of the OPS. My response is simply to reply to some of the allegations made by some Members on our handling of the OPS, and I shall do so in as neutral a language as possible without causing some ill feelings. I know that some Members' feelings were hurt because they have perhaps been regretting what they have done before but, as I said, I could not

assist them in this respect. It is a matter of the past. We cannot turn the clock back.

When I spoke in this Council on 9 November 1994, I assured Members that we would consider the more than 6 000 submissions on the OPS with great care and with an open mind. At the same time, I said the Government would implement the OPS subject to, among other things, endorsement by the community of our proposals as we put them. This was made clear as far back as December 1993 when a proposal for the OPS was announced for the first time in this Council. As Members will recall, the consultation period on the OPS ended on 31 October 1994. We established a task force specially to analyse the submissions received and to propose alternative recommendations where these were appropriate and acceptable.

On 27 January 1995, we released a full summary assessment of public opinion on the OPS consultation paper. In addition, full details of the original submissions, subject of course to the consent of the authors of those submissions, have been made available to all Members of this Council and to the public. We have been handling this with great care and with great transparency. There is nothing to hide from the public and from this Council on all these documents. These are fully accessible to anyone who wishes to look at them seriously.

Let me now go over some of the main points in that assessment which have led us to the clear conclusion that there is no mandate from the community or from this Council to implement the OPS as outlined in that paper. Our assessment was that views were at best divided. While many submissions supported the scheme in principle, in most cases they qualified their support either by calling for the parallel implementation of a mandatory provident fund system to go with the OPS; for immediate improvements to CSSA payments to the elderly; for a CPF in addition; and for a wide range of amendments to some of the basic principles of the scheme. To follow these qualifications and amendments and changes as some Members have alleged to be perhaps only very minor will have changed the OPS as originally designed beyond recognition. This was not the kind of support we were looking for, and certainly not in Hong Kong's best interest.

There were also many submissions which opposed the OPS in principle. They put forward a variety of arguments as to why the scheme was unsuitable and should not proceed. Some claimed that the OPS mixed up the concept of social welfare and retirement protection. Others believed that it shifted the burden of old age protection from the individual to the family to society and that in the long run it would have an adverse effect on attitudes towards work and savings, and would lead to a breakdown of traditional Chinese values. Many submissions claimed that the OPS was not fair as the amount of pension that would be received did not relate directly to the level of contribution that had been made. They did not believe in a scheme which proposed a flat rate of benefit, as they thought it would be inadequate for those really in need and be superfluous for the better-off.

Many submissions expressed concern about the assumptions of growth in population and productivity on which the OPS was based. They thought that these assumptions lacked credibility and feared that if more realistic ones were used, then the OPS would risk insolvency or a much higher contribution rate would be required. Another area of concern was that the OPS would end up facing problems similar to those experienced by old age pension schemes in many Western welfare states.

Let me now turn to some of the comments made on the key recommendations in the OPS paper. Nearly 18% of submissions proposed lowering the qualifying age for receipt of pension from 65 to 60, arguing that 60 was a common age for retirement. To do so, of course, would have meant a major increase in the contribution level for the OPS. Many submissions called for future pension increases to be linked to increases in wages rather than the composite Consumer Price Index as we then recommended. To accept such a change would also have meant an unacceptable rise in the necessary level of contribution. Another major area of disagreement was the proposed means of funding the OPS. About 10% of submissions called for tripartite funding, that is to say, equal contributions from the Government, employers and employees. Again this would have been totally unacceptable.

Let me now turn to some of the specific points raised by Members in the debate this evening. Some Members have claimed that the Government manipulated the number of submissions on the OPS; that we placed undue reliance on the views expressed by a particular group or groups; or ignored such views altogether. The simple fact is there was no real support for the scheme in this Council. There was little enthusiasm for the OPS in the news media. Indeed there was some hostility among many of the news media. And public views were at best divided. All these were views which the Government must take fully into account.

Let me stress yet again that the evaluation of the submissions was completely fair and was carried out carefully and conscientiously. Apart from considering the views expressed in each submission and whether in principle at least the author was for or against an OPS or did not indicate either way, we took careful note of such points as: (a) whether the submission was from an individual or a group; (b) whether it was an ordinary letter or a pre-printed form; (c) if in support of the OPS, whether such support was qualified or unqualified, and if the former, to what extent; and (d) if the submissions opposed the OPS, whether it did so in principle or in respect of individual recommendations in the paper.

If a submission came from a group then we also took into consideration the number of persons or organizations which that group might represent. Clearly it would not have been meaningful to indicate, in the summary assessment of the submissions, the number of persons we estimated to be represented by each group submission. The fact that we did indicate the number of signatures in respect of signature campaigns, though, does not mean, as some

have claimed, that we simply regarded all other group submissions as representing one view each. That is just not true.

I am disappointed, Mr President, that some Members have expressed dissatisfaction with the way we carried out the OPS consultation exercise. They claimed that by relying on submissions in response to a consultation paper, we deprived many potential supporters of the OPS of a chance to express their views. I do not agree. Copies of the consultation paper and a simple question and answer leaflet about the OPS were distributed widely to many, many locations throughout Hong Kong. Details of the OPS were discussed and explained at great length in the print and electronic media, as well as public meetings, seminars and talk shows, both formal and informal. My colleagues in the Education and Manpower Branch attended some 200 meetings and functions to talk about the scheme.

Those who did not want to read the consultation document will have had little difficulty in learning about the scheme through some other means. Similarly, those who did not want to send in a written submission could have expressed their views, as many did, through such means as attending district board meetings, or the public meetings, writing to newspapers or calling up phone-in programmes. While we have focused on the number of written submissions received, let me make it clear that we considered all views that came in from whatever source.

Finally, I am surprised that some Members have at this stage even suggested that we should have put the OPS to this Council in any case regardless of any support. This will have made no sense if the OPS requires legislation and we do not have the support of this Council, even in principle, then what is the purpose of preparing all the work necessary? Without either the support of this Council or a mandate from the community, it would have been neither logical nor sensible for us to proceed in this manner.

Mr President, let me return to where I began. I said in this Council that an OPS would be implemented subject to the endorsement of our proposals by the community. Such endorsement had not been forthcoming. I refute entirely any suggestions that we have manipulated or ignored public opinion on the OPS. It is abundantly clear that there is no mandate to proceed with the OPS as proposed in the paper. It took us seven months to design the OPS, a further three and a half months for the consultation period and another three months to assess the results of such consultation. The door to the OPS will not be reopened. We must move on towards an alternative means of providing financial security for our elderly people. Earlier this evening, Members have already passed the motion urging the Government to introduce as expeditiously as possible a mandatory, privately managed occupational retirement system. We will proceed with a consultancy on the MPF immediately. Implementation of the OPS in addition to the MPF would be totally unacceptable and would place an intolerable burden on contributors, employers and employees, and must be rejected in the public interest.

For the reasons given above and later on by the Secretary for Health and Welfare, the *ex officio* Members will vote against the motion and the amendment. I urge Members to do so.

SECRETARY FOR HEALTH AND WELFARE: Mr President, both the motion moved by Dr YEUNG Sum and the amendment by Dr LAM Kui-chun urged the Administration to increase CSSA payments for the elderly to \$2,500 per month with immediate effect.

As I said in the debate on the government motion earlier this afternoon, the Administration shares fully with Members the view that we should do all we can to ensure that elderly persons in need are given every assistance to live in dignity and comfort. But we also have a responsibility shared by Members of this Council to provide that assistance in a way which is sustainable and within our means. We cannot allow the growth in our spending to outstrip the growth in our economy as a whole.

The challenge we face is to address the consensus on increasing support for elderly people in need, while at the same time remaining consistent with our sensible budgetary guidelines. This Council knows how the budgetary process works. For this reason, I am surprised to hear a call for substantial increases in recurrent spending to be implemented with immediate effect. Those who understand the budgetary process and support our budgetary guidelines will know that such a proposal cannot be accepted. It is not realistic to assume that we can immediately find the additional annual recurrent expenditure of approximately \$780 million needed to fund the proposed increase in CSSA standard rates for the elderly. I hope those of you inclined to support this motion or indeed the Amendment proposed to it, will bear in mind that your responsibilities to the public extend also to ensuring that government spending is handled in a way conducive to the sound management of our public finances and the economy.

That is not to say we are doing nothing for the CSSA. To the contrary, we are doing and have done a great deal. What we have done is to increase CSSA payments to the single elderly by 26% over and above inflation in the three years prior to April this year. What we are doing and will continue to do is to conduct a major review of the entire CSSA system. Dr LAM will wish to note that this will include a review of the means test criteria, which is an issue specifically raised in his amendment to the motion. We are working on the review as fast as we can, but important data from the Household Expenditure Survey will start to become available only from September this year, and it would not be realistic to expect firm proposals to start to emerge much before the end of this year. This cannot be a piecemeal exercise and figures must not be snatched out of the air.

A comprehensive review is the only sensible way to proceed and, as I said earlier this afternoon, this is not a delaying tactic. Far from it. We are sincere

in wanting to implement the review's recommendations as swiftly as possible. This creates some difficulty since the review will reach its conclusions very late in the preparations for the 1996-97 Budget. Nevertheless, the Financial Secretary has agreed that some funds will be reserved in advance of the review outcome so that we can start to implement its recommendations in 1996-97. It is not clear to me from the way that CSSA figures are currently confidently espoused by the proponents that there is any deep understanding of how the CSSA system and our other support for elderly persons actually work. Let me explain.

With effect from next month when all CSSA standard rates will be increased by 8.5%, we expect the average monthly payment to a single elderly person to be about \$2,700. That is \$200 higher than the \$2,500 proposed in the motion and in the amendment to it. How can this be? This is because 97% of elderly CSSA clients receive not only the standard rate but are also eligible for a wide range of special grants and an annual supplement if they have been on CSSA for 12 months or more. For the elderly, the most relevant special grants relate to rent, telephone charges, travelling expenses, medical appliances and special diets. With effect from April, a single elderly might typically receive an annual supplement of \$1,340, and monthly a standard rate grant of \$1,810, special grants for rent of up to \$1,118, telephone charges, travelling expenses, and so on, say another \$100. All this adds up to an average monthly payment of \$2,700.

When calculating the full level of financial support given to an elderly person in need, we must add to this the cost to the taxpayer of providing all medical services to CSSA recipients free of charge and for the provision of various welfare services at a cost of over \$1 billion next year, ranging from counselling to day care and social activities, all at no charge or at the lowest of nominal charges only. Depending on need, they can also benefit from special compassionate housing in public housing estates.

Of course, taken in isolation, the CSSA standard rate payment to a single elderly person, which will be \$1,810 per month, may not look very much. But only 3% of elderly CSSA recipients receive this standard rate, and even if this were all they received it is supplemented by a range of other hidden subsidies which make up the full safety net of welfare and other support. We must remember, too, that if the standard rate payment is all they receive it means that they probably, for some reason, do not need, for example, rent or travelling expense support. Perhaps their children and family are providing some additional support which makes it unnecessary for other benefits to be claimed.

We must not forget that many in Hong Kong have sensibly saved to look after themselves. Our spectacular economic growth has enabled many of them and their children to acquire the resources to make their lives comfortable in old age. Yes, there are those in need, but let us remember that many are managing well on their own savings and with the support of their families.

Mr President, we are reviewing CSSA rates and, whereas we do not yet have a new figure to propose for the elderly rates, Members may well be right that an increase is justified. Indeed, the review may indicate that rates for other categories of recipients, the young, the disabled or single parents, for example, should also be increased. As I said before, the review is not a delaying tactic. It will provide us with the necessary information upon which sensible decisions on the adequacy of existing CSSA rates including those for the elderly can be made. If an increase in the rates for the elderly can be justified, we will do our best to secure the necessary funds to start to implement the changes recommended in 1996-97, even though any decision to raise such rates could only be made late in the preparation for that year's Budget.

Since we cannot pre-empt the outcome of the review, *ex officio* Members would be inclined to abstain in a vote relating to a recommended \$2,500 rate for the elderly, but they cannot abstain in a motion which advocates the implementation of any increase with immediate effect. For the reasons I have already outlined, we cannot agree with such a recommendation. Accordingly the *ex officio* Members of this Council will oppose both the motion and the amendment to it.

Question on Dr LAM Kui-chun's amendment put.

Voice vote taken.

Dr LAM Kui-chun claimed a division.

PRESIDENT: Council will proceed to a division.

DR LAM KUI-CHUN: Mr President, my amendment actually consists of two parts. The first part is the deletion of the motion of Dr YEUNG Sum with regard to the Old Age Pension Scheme. The second part is an amendment of his original motion on the CSSA Scheme. Could I request your permission to have these two separate aspects of the amendment voted on separately because I suspect that voting in the two halves would be different.

PRESIDENT: DR LAM, I am not minded to accede to your request as you are asking to amend Dr YEUNG Sum's motion and if your amendment is carried, you will, as you point out, delete the first part of Dr YEUNG Sum's motion. That will achieve a definite result. If your motion to amend fails, I would then be minded to defer to a request to split the vote on the original motion.

PRESIDENT: Will Members please proceed to vote on Dr LAM's proposed amendment?

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

Mr Allen LEE, Mrs Selina CHOW, Mr PANG Chun-hoi, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Moses CHENG, Dr LAM Kui-chun, Miss Emily LAU, Mr Eric LI, Mr Steven POON and Mr Howard YOUNG voted for the amendment.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Martin LEE, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Jimmy MCGREGOR, 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 LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Miss Christine LOH, Mr Roger LUK, Ms Anna WU and Mr LEE Cheuk-yan voted against the amendment.

Mrs Elsie TU and Mr Marvin CHEUNG abstained.

THE PRESIDENT announced that there were 14 votes in favour of the amendment and 26 votes against it. He therefore declared that the amendment was negatived.

PRESIDENT: Dr YEUNG Sum, you are now entitled to reply and you have five minutes three seconds out of your original 15 minutes.

DR YEUNG SUM (in Cantonese): Today's motion debate was rather long. I do want to thank Members for still being here after the debate on mandatory privately-managed provident fund. Quite a number of Members spoke. I sincerely thank them for all these.

Members have all expressed their own individual opinions. On the other hand, I take exception to the way the Government collected public opinions. Firstly, Mr Michael LEUNG did not treat the 4 000-odd signatures as representing 4 000 individual opinions in support of the Old Age Pension Scheme (OPS). Rather he treated them as several sets of opinions. In contrast, opinions from commercial associations were counted individually. This was the method adopted by the Government on the issue of direct elections for 1988.

Secondly, Mr Michael LEUNG did not mention the survey results of Ming Pao Daily News on 18 July 1994, in which 81% the interviewees supported the OPS. A survey by Hong Kong Economic Times on 16 July also found that 58% of the interviewees accepted the scheme. In addition, a survey by Cable TV showed that 70% of the residents accepted the scheme. It appears therefore that the Government did not give due regard to these results. It only concentrated on the opinions it received, to which it gave different treatment. Furthermore, from Mr Michael LEUNG's response, we learned that, all along, the Government differentiated between limited or qualified support and unqualified support, such as that of Mr Jimmy McGREGOR, from Councillors. We should be careful about this when we collect public opinion. We now know that limited or qualified support and unqualified support are in fact different. So we need to know how to handle it in future.

Lastly, I thank Members very much for their valuable ideas on such an important policy issue. On behalf of the Democratic Party, I thank Members. Thank you.

PRESIDENT: Do I have a request to split the voting on Dr YEUNG Sum's motion? No Member wants to ask for the motion to be split?

DR LAM KUI-CHUN: I do ask, in fact, Mr President, for the motion of Dr YEUNG Sum to be split. According to my amendment for a deletion, in fact, of the first part, and then separately in fact, to ask for a voting of my amendment again on the second part, because I suspect that that will draw support.

PRESIDENT: Mr McGREGOR?

MR JIMMY McGREGOR: Mr President, I would object very much to it. I would strongly suggest that you rule that is not in order. Every amendment relates to the original motion and alters the original motion. If we had such a system, we could have two or three votes on every single motion. I think it would be quite wrong to do so. Mr President.

PRESIDENT: There is no question of reopening Dr LAM Kui-chun's amendment. That has been defeated. The question is whether the voting be split on Dr YEUNG Sum's original motion which in fact falls into two parts. Dr LAM Kui-chun, do you still wish to press the case for splitting the vote?

DR LAM KUI-CHUN: Yes, I do, Mr President.

PRESIDENT: As the motion does fall into two parts, I will split the voting on it, and I will put the first part first, that is, the motion as regards the Old Age Pension Scheme.

Question on the first part of the motion as regards the Old Age Pension Scheme put.

Voice vote taken.

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

Dr YEUNG Sum claimed a division.

PRESIDENT: Council will proceed to a division.

PRESIDENT: Will Members please proceed to vote on the first part of Dr YEUNG Sum's motion?

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

Mr Martin LEE, Mr PANG Chun-hoi, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, 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 LEE Wing-tat, Mr Fred LI, Mr MAN Sai-cheong, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr WONG Wai-yin, Miss Christine LOH, Ms Anna WU and Mr LEE Cheuk-yan voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary, Mr Allen LEE, Mrs Selina CHOW, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Jimmy McGREGOR, Mrs Elsie TU, Mr Moses CHENG, Mr Marvin CHEUNG, Dr LAM Kui-chun, Miss Emily LAU, Mr Eric LI, Mr Steven POON, Mr Howard YOUNG and Mr Roger LUK voted against the motion.

THE PRESIDENT announced that there were 22 votes in favour of the motion and 20 votes against it. He therefore declared that the motion was carried.

Question on the second part of the motion as regards the Comprehensive Social Security Assistance Scheme put.

Voice vote taken.

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

Dr YEUNG Sum claimed a division.

PRESIDENT: Council will proceed to a division.

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

Mr Allen LEE, Mrs Selina CHOW, Mr Martin LEE, Mr PANG Chun-hoi, Mr SZETO Wah, Mr TAM Yiu-chung, Mr Andrew WONG, Mr Edward HO, Mr Ronald ARCULLI, Mrs Miriam LAU, Mr LAU Wah-sum, Dr LEONG Che-hung, Mr Albert CHAN, Mr Moses CHENG, Mr Marvin CHEUNG, Mr CHEUNG Man-kwong, Rev FUNG Chi-wood, Mr Frederick FUNG, Mr Michael HO, Dr HUANG Chen-ya, Dr LAM Kui-chun, Dr Conrad LAM, Miss Emily LAU, Mr LEE Wing-tat, Mr Eric LI, Mr Fred LI, Mr MAN Sai-cheong, Mr Steven POON, Mr TIK Chi-yuen, Mr James TO, Dr YEUNG Sum, Mr Howard YOUNG, Mr WONG Wai-yin, Miss Christine LOH, Ms Anna WU and Mr LEE Cheuk-yan voted for the motion.

The Chief Secretary, the Attorney General, the Financial Secretary and Mr Jimmy MCGREGOR voted against the motion.

Mrs Elsie TU and Mr Roger LUK abstained.

THE PRESIDENT announced that there were 36 votes in favour of the motion and four votes against it. He therefore declared that the motion was carried.

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 22 March 1995.

Adjourned accordingly at Twelve o'clock midnight.

Note: The short titles of the Bills/Motions listed in the Hansard, with the exception of the Tai Lam Tunnel and Yuen Long Approach Road Bill and the Gas Safety (Amendment) Bill 1995, 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 Trade and Industry to Dr HUANG Chun-ya's supplementary question to Question 4**

I have approached the HKPC for more information and learnt that it is the HKPC's usual practice to consider ceasing the provision of services which other organizations (such as the HKGCC) are providing and are able to fully satisfy the needs of the market. The objective of adopting such practice is to ensure that the resources of the HKPC could be allocated to trades which do not have enough support services to cater for their needs.

Services ceased to be provided by the HKPC in recent years include:

- (a) electroforming services, which started in 1981 and ceased in 1990;
- (b) vacuum casting services, which started in 1986 and ceased in 1989; and
- (c) hard anodizing services which started in 1987 and ceased in 1991.

Annex II**Written answer by the Secretary for Trade and Industry to Mr LEE Cheuk-yan's supplementary question to Question 4**

I relate herewith the information gathered as follows:

- (a) On 17 February 1994 the Commercial Crimes Bureau (CCB) received a complaint lodged against the American Launderland, a total of 17 franchisees had complained against the franchiser of the American Launderland for having committed fraud.
- (b) The police then made investigations to see if anyone had committed any crime such as obtaining property by deception, swindling the company, fraud or irresponsibly coaxing people into making investments.

WRITTEN ANSWERS — *Continued*

- (c) The police had questioned the franchiser of the American Laundreland and officers of CCB had also seized a large number of documents for detailed examination. Subsequently, the police requested the Legal Department to give advice on the case. The Legal Department is of the view that there is no sufficient evidence to lay criminal charges against anyone.

Annex III**Written answer by the Secretary for Security to Mr TANG Siu-tong's supplementary question to Question 6**

I am afraid that we have no information on the matter. The United Nations High Commissioner for Refugees, who is responsible for Pillar Point, does not have statistics on this; however it is believed that the majority of the approximately 450 became drug addicts during their stay at Pillar Point.

Annex IV**Written answer by the Secretary for Security to Mr Alfred TSO's supplementary question to Question 6**

The age and sex profile of the drug addicts at Pillar Point is as follows:

<i>Age</i>	<i>Male</i>	<i>Female</i>
16-21	17	8
22-30	240	9
31-40	160	5
41-50	4	0
51-60	3	0
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	424	22

