



DAILY INFORMATION BULLETIN

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WEDNESDAY, MAY 13, 1987

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EVERY REASON TO FACE FUTURE WITH MORE CONFIDENCE
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HONG KONG HAS EVERY REASON TO FACE ITS FUTURE WITH A GOOD DEAL MORE CONFIDENCE THAN MANY OTHER PLACES, THE CHIEF SECRETARY, THE HON DAVID FORD, SAID TODAY (WEDNESDAY), REPLYING TO A QUESTION FROM THE HON LEE YU-TAI, IN THE LEGISLATIVE COUNCIL.

HE SUPPORTED HIS OPTIMISTIC OUTLOOK WITH A LIST OF ECONOMIC AND SOCIAL INDICATORS, AS WELL AS OPINION POLLS CARRIED OUT BY INDEPENDENT RESEARCH COMPANIES.

MR FORD LISTED THE FOLLOWING ECONOMIC INDICATORS WHICH HE SAID SHOWED +AN ENCOURAGING TREND+:

- * INVESTMENT IN PLANT AND MACHINERY INCREASED 8 PER CENT IN REAL TERMS IN 1986;
- * RETAINED IMPORTS OF INDUSTRIAL MACHINERY INCREASED BY 26 PER CENT LAST YEAR;
- * THE PROPERTY MARKET HAS SETTLED DOWN IN 1986;
- * THE 13 000 HOME OWNERSHIP FLATS PUT ON THE MARKET LAST YEAR WERE OVER-SUBSCRIBED BY NO LESS THAN 18 TIMES;
- * THE VALUE OF AGREEMENTS FOR SALE AND THE PURCHASE OF PROPERTY INCREASED BY 32 PER CENT LAST YEAR;
- * LARGE SUMS OF MONEY BEING SENT ON LONG-TERM INFRASTRUCTURAL PROJECTS; AND
- * THE PRIVATE VENTURE CAPITAL INVOLVED IN THE SECOND CROSS HARBOUR TUNNEL, IN CONTAINER TERMINALS AND IN PROPERTY ALSO INDICATE A HIGH LEVEL OF CONFIDENCE.

ON OPINION POLLS, MR FORD SAID THE WORLDWIDE GALLUP POLL TAKEN AT THE END OF 1986 TO GAUGE PEOPLE'S VIEWS ABOUT THEIR FUTURE IN 31 COUNTRIES FOUND THAT THE PEOPLE OF HONG KONG WERE THE MOST CONFIDENT ABOUT THEIR PROSPECTS FOR 1987.

HE ALSO SAID THE LATEST SRH SURVEY SHOWED THAT 73 PER CENT OF THE POPULATION IN HONG KONG WERE CONFIDENT ABOUT THE FUTURE.

+HOW MANY COUNTRIES IN THE WORLD, I WONDER, COULD MAKE SIMILAR CLAIMS?+ HE ASKED.

MR FORD ALSO SAID HONG KONG HAD A TRADITION OF EMIGRATION DATING BACK OVER 30 YEARS AND FREEDOM OF MOVEMENT AND TRAVEL WERE FUNDAMENTAL RIGHTS OF THE HONG KONG PEOPLE.

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WHILE THERE WERE NO COMPREHENSIVE STATISTICS GIVING THE NUMBER AND DETAILS OF THOSE WHO EMIGRATED, HE SAID THE ONLY STATISTICS THAT GAVE AN INDICATION WERE THE NUMBER OF PEOPLE LEAVING HONG KONG EACH YEAR ON HONG KONG TRAVEL DOCUMENTS AND THE NUMBERS RETURNING.

MR FORD SAID THE NET OUTWARD MOVEMENT OF HONG KONG RESIDENTS, EXCLUDING THOSE TO AND FROM CHINA, AVERAGED 20 000 BETWEEN 1980 AND 1984.

HE SAID THE FIGURE DROPPED TO ABOUT 11 500 IN 1985 AND WAS JUST UNDER 14 000 IN 1986.

HE ALSO SAID OVER 8 000 EX-HONG KONG RESIDENTS RETURNED ON FOREIGN PASSPORTS AND WERE GRANTED THE RIGHT TO LAND LAST YEAR BECAUSE OF BETTER JOB PROSPECTS AND OTHER ATTRACTIONS HERE.

+PEOPLE COMING BACK FROM THE UK, CANADA AND THE STATES, ARMED WITH DEGREES AND WORK EXPERIENCE, ARE HELPING TO PROMOTE HONG KONG AS AN INTERNATIONAL CITY,+ HE SAID.

HE ADMITTED SOME PEOPLE DID FEEL UNCERTAIN ABOUT THE FUTURE OF HONG KONG.

+THE FACT IS THAT UNCERTAINTY EXISTS IN ANY SOCIETY. BUT WHEN ONE LOOKS AROUND AT THE LONG-TERM INTRACTABLE PROBLEMS FACING A LARGE NUMBER OF OTHER COUNTRIES, HONG KONG HAS EVERY REASON TO FACE ITS FUTURE WITH A GOOD DEAL MORE CONFIDENCE THAN MANY OTHER PLACES.

+OF COURSE THE COMMUNITY IS CONCERNED ABOUT THE SYSTEM OF GOVERNMENT THEY WILL HAVE UP TO AND BEYOND 1997. BUT THAT IS WHY THERE IS SO MUCH HEALTHY DISCUSSION ABOUT THIS TOPIC.

+IF WE TAKE TIME TO CONSIDER OUR THRIVING ECONOMY, OUR REDUCING CRIME RATE, OUR HARDWORKING AND STABLE WORKFORCE AND THE STRENGTH OF OUR COMMUNITY WHICH HAS NONE OF THE RACIAL, RELIGIOUS OR FACTIONAL PROBLEMS WHICH BESET SO MANY OTHER PLACES AT THIS TIME, I BELIEVE THAT WE COULD AGREE THAT HONG KONG HAS MUCH TO BE THANKFUL FOR AND MUCH TO LOOK FORWARD TO,+ HE ADDED.

HE ALSO SAID IT WOULD BE A REFRESHING CHANGE IF THE VIEWS OF THE MAJORITY OF HONG KONG PEOPLE WHO DID HAVE REAL CONFIDENCE IN THE FUTURE AND WHO WERE DETERMINED TO STAY HERE AND MAKE IT WORK WERE TO BE GIVEN MORE PROMINENCE THAN HAD BEEN THE CASE IN RECENT MONTHS.

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NO CASE YET FOR REVIEW OF SECTION 27

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THE GOVERNMENT IS AWARE OF THE ANXIETY GENERATED IN SOME QUARTERS AND PARTICULARLY IN THE MEDIA BY THE RETENTION OF SECTION 27 OF THE PUBLIC ORDER ORDINANCE, BUT DID NOT YET SEE A CASE FOR A REVIEW OF THE SECTION, THE CHIEF SECRETARY, THE HON DAVID FORD, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON HILTON CHEONG-LEEN, MR FORD SAID HE BELIEVED THAT MUCH OF THE ANXIETY WAS BASED ON A MISUNDERSTANDING OF THE PURPOSE OF THE LAW AND ITS PRACTICAL EFFECTS.

+TO HELP PUBLISHERS UNDERSTAND THEIR POSITION UNDER THE LAW AND TO DEMONSTRATE HOW THIS PROVISION WILL BE APPLIED IN PRACTICE, THE ATTORNEY GENERAL HAS RECENTLY PUBLISHED THE GUIDELINES WHICH HIS CHAMBERS WILL FOLLOW WHEN ADVISING HIM ON WHETHER TO PROSECUTE UNDER THIS SECTION.

+THIS STEP WILL, I AM SURE, GO A LONG WAY TO REMOVE CONCERN THAT THE PROVISION PLACES UNWARRANTED CONSTRAINTS ON THE FREEDOM OF THE PRESS.+

HE SAID THAT THE PRINCIPLE BEHIND THIS CLAUSE WAS THAT THE COMMUNITY WAS ENTITLED TO PROTECTION UNDER THE LAW AGAINST IRRESPONSIBLE SCAREMONGERING CAUSED BY THE PUBLICATION OF FALSE NEWS.

+THE COMPACTNESS OF THE TERRITORY, THE VERY LARGE NUMBER OF NEWSPAPERS AND THE TRADITION THEY HAVE OF PICKING UP ITEMS FROM OTHER NEWSPAPERS MEANS THAT RUMOURS TRAVEL EXTREMELY QUICKLY.

+THERE HAVE BEEN MANY EXAMPLES OF REACTIONS BECOMING QUITE OUT OF PROPORTION TO THE SIGNIFICANCE OF THE NEWS,+ HE SAID.

+HONG KONG IS PARTICULARLY SENSITIVE TO THE SPREAD OF FALSE NEWS IN A WAY THAT DOES NOT APPLY TO OTHER LESS DENSELY POPULATED COMMUNITIES,+ HE ADDED.

+IT WAS THIS FACTOR,+ HE SAID, +WHICH WAS UPPERMOST IN THE MINDS OF THE MEMBERS OF THE EXECUTIVE COUNCIL WHEN THEY ADVISED THIS PROVISION SHOULD BE INCLUDED IN THE LAW AND, THE REASON WHY THIS COUNCIL ALSO ENDORSED ITS RETENTION.+

HE SAID THE FALSE NEWS PROVISION SHOULD NOT INHIBIT JOURNALISTS FROM PUBLISHING NEWS WHICH THEY BELIEVE TO BE TRUE.

+THE PROVISION IS SURELY CONSISTENT WITH PROFESSIONAL STANDARDS WHICH THE RESPONSIBLE MEDIA HAVE ALWAYS SET THEMSELVES.

+INDEED, I HAVE NOT NOTICED THAT EITHER BEFORE, OR SINCE, THE PASSING OF THIS LAW, THE MEDIA HAVE APPEARED TO BE IN ANY WAY INHIBITED BY IT.+

+AS I HAVE SAID ON PREVIOUS OCCASIONS, THIS LAW IS NOT INTENDED TO UNDERMINE THE RIGHTS OF THE FREE PRESS IN HONG KONG IN ANY WAY.+

+IN MY SPEECH IN THE LEGISLATIVE COUNCIL WHEN I INTRODUCED THE BILL, I MADE THE POINT THAT THIS CLAUSE WOULD BE USED ONLY AS A MEASURE OF A LAST RESORT AND, AS THE ATTORNEY GENERAL'S GUIDELINES HAVE MADE CLEAR, IN A VERY LIMITED SET OF CIRCUMSTANCES.+

HE SAID THAT AGAINST THIS BACKGROUND, THE GOVERNMENT DID NOT YET SEE A CASE FOR A REVIEW OF SECTION 27 OF THE PUBLIC ORDER ORDINANCE.

+BUT ORDINANCES CAN BE REVIEWED AT ANY TIME, IF THERE IS A GENUINE NEED TO DO SO AND SUCH A NEED IS IDENTIFIED.

+WE BELIEVE IN THIS CASE, IT IS BETTER TO SEE HOW THE NEW MEASURE WORKS IN PRACTICE. IF AT A LATER STAGE THE LEGISLATIVE COUNCIL WISHES TO REVIEW THE CLAUSE, IT CAN OF COURSE DO SO,+ HE ADDED.

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JUDICIAL ABILITIES TO BE ASSESSED
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NO SERVING OFFICERS FROM THE ATTORNEY GENERAL'S CHAMBERS WILL BE CONSIDERED FOR APPOINTMENT AS TEMPORARY MAGISTRATES AND DISTRICT JUDGES, UNTIL A CONSULTATION HAS YIELDED A SATISFACTORY SOLUTION, THE ATTORNEY GENERAL, THE HON MICHAEL THOMAS SAID TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON TAI CHIN-WAH AT THE LEGISLATIVE COUNCIL, MR THOMAS SAID THAT THE POLICY GOVERNING JUDICIAL APPOINTMENTS WAS A MATTER FOR THE CHIEF JUSTICE WHO WOULD SHORTLY BE CONSULTING THE JUDICIAL SERVICE COMMISSION ON HOW TO ASSESS THE JUDICIAL ABILITIES OF MEMBERS OF THE ATTORNEY GENERAL'S CHAMBERS WHO APPEARED TO BE WELL QUALIFIED TO SIT ON THE BENCH.

+UNTIL THAT CONSULTATION HAS YIELDED A SATISFACTORY SOLUTION TO THE QUESTION, NO APPOINTMENTS OF SERVING OFFICERS FROM THE ATTORNEY GENERAL'S CHAMBERS AS TEMPORARY MAGISTRATES AND DISTRICT JUDGES WILL BE CONSIDERED,+ HE SAID.

MR THOMAS ALSO POINTED OUT THAT PROFESSIONAL MEMBERS OF THE ATTORNEY GENERAL'S CHAMBERS HAD PROVIDED A VALUABLE SOURCE OF TALENT TO THE JUDICIARY IN THE PAST.

+I AM SURE THAT IT WILL BE IN THE INTERESTS OF THE ADMINISTRATION OF JUSTICE IN HONG KONG FOR THAT TO CONTINUE,+ HE SAID.

FLEXIBILITY MAINTAINED IN ORGANISING ACTIVITIES

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MAINTAINING A DEGREE OF FLEXIBILITY WAS AN ESSENTIAL ELEMENT IN ALLOWING ORGANISERS OF CULTURAL AND RECREATIONAL ACTIVITIES TO DESIGN THEIR PROGRAMMES WITH CERTAIN DISCRETION, THE SECRETARY FOR DISTRICT ADMINISTRATION, THE HON DONALD LIAO, SAID TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION FROM THE HON HUI YIN-FAT, MR LIAO SAID FUNDS ALLOCATED WERE IN ACCORDANCE WITH THE BASIC PRINCIPLES OF NEEDS AND PRIORITIES THROUGH THE ANNUAL BUDGETARY EXERCISE.

+GOVERNMENT SUPPORT FOR CULTURAL AND RECREATIONAL ACTIVITIES ORGANISED BY VOLUNTARY WELFARE AGENCIES IS PROVIDED IN THE FORM OF ANNUAL SUBVENTION.

FOR PROJECTS PROPOSED BY OTHER COMMUNITY GROUPS, FUNDS ARE APPROVED ON INDIVIDUAL CASE MERITS,+ MR LIAO SAID.

THE GOVERNMENT WAS AWARE OF CASES WHERE SUBVENTED AGENCIES CHARGED HIGHER FEES FOR SIMILAR KINDS OF PROGRAMMES OFFERED BY GOVERNMENT DEPARTMENTS OR COMMUNITY GROUPS, HE ADDED.

+BUT THERE ARE ALSO CASES WHERE FEES CHARGED BY THESE AGENCIES ARE LESS THAN THAT OF OTHERS.

+GOVERNMENT SUBSIDIES ARE JUST ONE FACTOR IN DETERMINING THE LEVEL OF FEES CHARGED. THE AVAILABILITY OF OTHER SOURCES OF FINANCE, THE OBJECTIVES AND POPULARITY OF THE PROGRAMMES ORGANISED, AND THE ABILITY OF THE TARGET CLIENTELE TO PAY FOR PARTICIPATING IN THE PROGRAMMES, ALSO AFFECT THE LEVEL OF FEES CHARGED,+ MR LIAO SAID.

+GIVEN THE GREAT VARIETY OF CULTURAL AND RECREATIONAL PROGRAMMES CARRIED OUT BY A LARGE NUMBER OF ORGANISATIONS FOR DIFFERENT PURPOSES, IT IS INEVITABLE THAT THE ALLOCATION OF FUNDS AND THE LEVEL OF FEES CHARGED CANNOT BE THE SAME IN ALL CASES,+ MR LIAO ADDED.

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JORDAN VALLEY LANDFILL LIKELY TO BE LAST

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JORDAN VALLEY LANDFILL IS LIKELY TO BE THE LAST LANDFILL IN THE URBAN AREA AND WILL BE REPLACED BY A REFUSE TRANSFER STATION AT KOWLOON BAY, THE SECRETARY FOR HEALTH AND WELFARE, THE HON JOHN CHAMBERS SAID TODAY (WEDNESDAY) IN THE LEGISLATIVE COUNCIL.

IN REPLY TO A QUESTION BY THE HON POON CHI-FAI, MR CHAMBERS SAID THE JORDAN VALLEY LANDFILL STARTED OPERATION LAST YEAR AND WAS EXPECTED TO OPERATE UNTIL 1989.

/THOUGH THE

THOUGH THE JORDAN VALLEY LANDFILL WOULD OPERATE FOR THREE YEARS ONLY, MR CHAMBERS POINTED OUT THAT SPECIAL ATTENTION HAD BEEN GIVEN TO THE NEED TO PREVENT NUISANCE, INCLUDING SMELL, WHICH MIGHT AFFECT NEARBY RESIDENTS.

+EVERY EFFORT IS MADE TO ENSURE THAT REFUSE IS COMPACTED AND COVERED IMMEDIATELY AFTER DELIVERY, AND THE ACCESS ROAD AND HARDSTANDING AREAS ARE CLEANED FREQUENTLY BY STREET-CLEANING VEHICLES.

+MEASURES ARE TAKEN TO CONTROL INSECTS AND VERMIN BY ENSURING THAT WASTE IS COVERED, USE OF A SMALL WORKING FACE, EFFICIENT COMPACTION, THE ELIMINATION OF STANDING WATER AND THE USE OF PESTICIDES,+ HE ADDED.

FOR THE BAD SMELLS IN THE VICINITY OF THE JORDAN VALLEY LANDFILL, MR CHAMBERS SAID THE MAJOR CAUSE WAS THE SPLASHING OF POLLUTED LIQUID FROM COLLECTION VEHICLES DELIVERING WET WASTE DURING RAINY SEASON.

HE SAID THE URBAN SERVICES DEPARTMENT HAD AGREED TO CHECK THE DESIGN OF EXISTING REFUSE COLLECTION VEHICLES TO SEE WHETHER IMPROVEMENTS COULD BE MADE AND TO NOTE THIS PROBLEM WHEN PLACING ORDERS FOR NEW VEHICLES.

MOREOVER, MR CHAMBERS TOLD THE COUNCIL, THE ENVIRONMENTAL PROTECTION DEPARTMENT HAD KEPT THE DISTRICT BOARD AND ITS COMMITTEE FULLY INFORMED OF THE DEVELOPMENT OF THE LANDFILL AND THE MEASURES TAKEN TO CONTROL ENVIRONMENTAL POLLUTION AND NUISANCE.

RECENT IMPROVEMENTS INCLUDED THE HYDROSEEDING OF EMBANKMENTS AND THE PLANTING OF TREES TO IMPROVE THE VISUAL APPEARANCE OF THE SITE.

+MEMBERS OF THE DISTRICT BOARD, SHUN LEE AREA COMMITTEE AND EAST NGAU TAU KOK AREA COMMITTEE VISITED THE LANDFILL ON OCTOBER 24, 1986 AND WERE GENERALLY SATISFIED WITH THE SITUATION,+ HE SAID. A REQUEST FOR A FURTHER VISIT DURING THE SUMMER MONTHS WAS ALSO MADE.

+IN THE MEANTIME, ENVIRONMENTAL PROTECTION DEPARTMENT WILL CONTINUE TO MONITOR OPERATIONS AND RECOMMEND IMPROVEMENTS WHERE NEEDED,+ MR CHAMBERS SAID.

WHEN THE LANDFILL IS REPLACED BY THE KOWLOON BAY REFUSE TRANSFER STATION, WASTE WOULD BE TRANSPORTED IN PURPOSE-BUILT CONTAINER TRUCKS FROM THE STATION TO LANDFILL SITES IN THE NEW TERRITORIES, HE SAID.

+TRUCKS AND TRANSFER STATION WILL BE DESIGNED TO CONTAIN ODOURS AND PREVENT ENVIRONMENTAL NUISANCE TO SURROUNDING AREAS,+ MR CHAMBERS EXPLAINED.

SITE COVERAGE POLICY EXPLAINED

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DEVELOPMENT DENSITY IN HONG KONG IS CONTROLLED BY THE BUILDINGS ORDINANCE, BY STATUTORY PLANS AND BY LEASE CONDITIONS, THE SECRETARY FOR LANDS AND WORKS, THE HON GRAHAM BARNES, SAID IN ANSWER TO A QUESTION FROM DR THE HON HENRIETTA IP IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE BUILDING (PLANNING) REGULATIONS STIPULATED THE MAXIMUM DENSITY WHICH MIGHT BE ALLOWED IF THERE WERE NO OTHER GENERAL DENSITY CONSTRAINTS IMPOSED IN THE AREA BY STATUTORY PLANS OR BY LEASE CONDITIONS.

THESE DENSITIES, WHICH WERE SHOWN IN THE SCHEDULE TO THE REGULATIONS, WERE USUALLY KNOWN AS FULL ZONE I DENSITIES.

+IN CERTAIN AREAS, HOWEVER, GOVERNMENT HAS DECIDED THAT ONLY LOWER DENSITIES SHOULD BE PERMITTED, AND IS GUIDED BY SEPARATE DENSITY ZONING SCHEDULES IN FIXING THE UPPER LIMIT FOR MODIFICATIONS AND NEW LEASES,+ MR BARNES SAID.

DENSITY ZONE II, WHICH APPLIED TO CERTAIN AREAS OF THE MID-LEVELS AND ZONES DESIGNATED FOR MEDIUM DENSITY HOUSING IN OTHER DISTRICTS, WAS AN EXAMPLE.

DENSITY ZONE III WAS FOR AREAS WHERE EVEN LESS DENSE DEVELOPMENT WAS PERMITTED.

IN SOME CASES THE CONSTRAINT WAS ENFORCED BY STATUTORY PLANS- IN OTHERS IT WAS MAINTAINED ADMINISTRATIVELY, SAID MR BARNES.

HE SAID THE CONTROL TABLES FOR DENSITY ZONE I WERE SPECIFIED IN THE SCHEDULE OF THE BUILDING (PLANNING) REGULATIONS AND SAID COPIES OF DENSITY ZONE TABLES FOR ZONES II AND III AND DENSITY ZONES SPECIFIC TO THE NEW TOWNS WERE ANNEXED TO HIS REPLY.

+BUT DENSITY CONTROL IS NOT LIMITED TO THE CONSTRAINTS IN THESE TABLES, AS DENSITY MAY ALSO BE FURTHER CONSTRAINED BY OTHER REGULATIONS OR BY MORE SPECIFIC RESTRICTIONS CONTAINED IN INDIVIDUAL LEASES,+ HE SAID.

THE DENSITY ZONING TABLES ALSO MADE REFERENCE TO OTHER FACTORS IN SPECIFYING THE PERMITTED SITE COVERAGES OF INDIVIDUAL SITES.

THESE WERE THE HEIGHTS OF THE BUILDING PROPOSED AND, IN THE CASE OF THE DENSITY ZONE I TABLES, INTENDED USE (DOMESTIC OR NON-DOMESTIC).

IN THE CASE OF DENSITY ZONES I AND II THE NUMBER OF STREETS ON TO WHICH IT FACED ALSO DETERMINED THE SITE CLASSIFICATION.

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+ALTHOUGH ADDITIONAL FACTORS APPLY TO NON-DOMESTIC BUILDINGS, THE GENERAL PRINCIPLE BEHIND DENSITY ZONING OF INDIVIDUAL LOTS IS THAT THE MORE YOU REDUCE SITE COVERAGE THE HIGHER YOU CAN BUILD AND THE GREATER USABLE FLOOR AREA YOU CAN ACHIEVE,+ MR BARNES SAID.

THE AIM OF THE CLASSIFICATION OF SITES AS A AND B AND C WAS TO REDUCE THE BULK OF THE BUILDING WHERE ITS SURROUNDINGS DID NOT ALLOW ENTRY OF SUFFICIENT LIGHT AND AIR, E.G. IN A CLASS A SITE, WHICH FRONTED ON TO ONE STREET, THE PERMITTED COVERAGE WOULD BE LESS THAN FOR A CLASS B SITE, WHICH FRONTED ON TO TWO STREETS.

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'QIGONG' INJURIES RECORDS NOT KEPT

THE MEDICAL AND HEALTH DEPARTMENT'S STATISTICS DID NOT SHOW ANY SIGNIFICANT NUMBER OF REPORTED INJURIES LINKED TO THE PRACTICE OF 'QIGONG' (A SYSTEM OF DEEP BREATHING EXERCISES) THE SECRETARY FOR HEALTH AND WELFARE, THE HON JOHN CHAMBERS SAID TODAY.

REPLYING TO QUESTIONS BY THE HON LIU LIT-FOR IN THE LEGISLATIVE COUNCIL, MR CHAMBERS SAID THAT STATISTICS WERE NOT KEPT IN A FORM WHICH ENABLED THE IDENTIFICATION OF THESE INJURIES.

+IT FOLLOWS THAT WE CANNOT SAY FOR CERTAIN WHETHER ANYONE HAS RECEIVED TREATMENT AS A RESULT OF SUCH INJURIES,+ HE ADDED.

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NEED TO BALANCE SOCIAL WELL-BEING WITH ECONOMIC RISKS

ALTHOUGH THE FINANCIAL AND ECONOMIC IMPLICATIONS OF A CENTRALLY MANAGED AND IMPOSED COMPULSORY SAVINGS SCHEME DO NOT RULE OUT THE INTRODUCTION OF A PROVIDENT FUND IN HONG KONG, THERE ARE DIFFICULTIES WHICH NEED TO BE ADDRESSED AND NOT PUSHED TO ONE SIDE, THE ACTING FINANCIAL SECRETARY, THE HON JOHN YAXLEY, SAID TODAY (WEDNESDAY).

WINDING UP THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND TODAY (WEDNESDAY), HE POINTED OUT THAT SUCH A FUND WAS ESSENTIALLY A MANDATORY SAVINGS SCHEME, PAID FOR BY CONTRIBUTIONS FROM EMPLOYERS AND EMPLOYEES.

/+SUCH CONTRIBUTIONS

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+SUCH CONTRIBUTIONS OBVIOUSLY MEAN A REDUCTION IN THE FUNDS AVAILABLE TO THESE TWO PARTIES FOR THEM TO USE IN OTHER WAYS AS THEY SEE FIT,+ HE SAID.

FOR AN EMPLOYEE, ONE OF THE IMMEDIATE RESULTS WOULD BE TO REDUCE HIS TAKE-HOME PAY, MR YAXLEY SAID, ADDING THAT A FIVE PER CENT CONTRIBUTION WOULD BE THE SAME AS A FIVE PER CENT INCREASE IN SALARIES TAX.

FOR AN EMPLOYER, THE EFFECT WOULD BE ROUGHLY THE SAME AS AN INCREASE OF MORE THAN 40 PER CENT IN THE RATE OF PROFITS TAX.

MR YAXLEY SAID THAT IN MOST CASES, THE INCREASED COST TO EMPLOYERS WOULD HAVE AN EFFECT ON THE COMPETITIVENESS OF HONG KONG'S PRODUCTS INTERNATIONALLY.

ON THE IMPACT ON PRODUCTION COSTS, HE SAID THAT MANUFACTURERS WERE UNLIKELY TO BE INDIFFERENT TO WHAT WOULD BE EQUIVALENT TO A FIVE PER CENT WAGE CLAIM OR EVEN MORE IF EMPLOYEES TRIED TO RECOVER THEIR CONTRIBUTION FROM THEIR EMPLOYERS.

AND TO REDUCE THE COST IMPACT, EMPLOYERS WOULD REDUCE THE SIZE OF SUBSEQUENT WAGE INCREASES OR REDUCE THE NUMBER OF EMPLOYEES.

+EVENTUALLY, MARKET FORCES WOULD TEND TO REDUCE REAL WAGES SUFFICIENTLY TO RESTORE FULL EMPLOYMENT, BUT WITH MUCH OF THE FINANCIAL BURDEN OF THE CENTRAL PROVIDENT FUND HAVING BEEN TRANSFERRED TO EMPLOYEES,+ HE SAID.

+IN THE INTERIM, SOME ECONOMIC GROWTH WOULD BE SACRIFICED, BUSINESSES WOULD SUFFER AND JOBS MIGHT BE LOST.

+IT IS POSSIBLE THAT THE LOST ECONOMIC GROWTH MIGHT NEVER BE FULLY RECOVERED,+ HE WARNED.

ON THE IMPLICATIONS OF THE EMPLOYMENT OF THE VERY CONSIDERABLE ACCUMULATED FUNDS, MR YAXLEY SAID THAT AS THERE WAS ONLY A LIMITED NUMBER OF VIABLE INVESTMENT OPPORTUNITIES AVAILABLE LOCALLY, THERE WAS A DANGER THAT IF THE FUND WAS CONSTRAINED TO INVEST LOCALLY, IT WOULD BE OBLIGED TO INVEST IN LOWER QUALITY OF LOWER-YIELDING ASSETS TO THE POSSIBLE DETRIMENT OF THE PARTICIPANTS.

IF, HOWEVER, A SUBSTANTIAL PROPORTION OF THE AVAILABLE FUNDS WAS INVESTED OVERSEAS IN FOREIGN CURRENCY ASSETS, THIS COULD HAVE AN ADVERSE EFFECT UPON THE FOREIGN EXCHANGE AND MONEY MARKETS, AND, UNDER THE LINKED EXCHANGE RATE SYSTEM, COULD RESULT IN UNSSETTLING FLUCTUATIONS IN THE LEVELS OF THE HONG KONG DOLLAR INTEREST RATES.

MR YAXLEY

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MR YAXLEY ALSO NOTED THAT THE CENTRAL PROVIDENT FUND COULD HAVE A REDISTRIBUTIVE EFFECT ON THE FLOWS OF FUNDS BETWEEN FINANCIAL INSTITUTIONS.

AS CONTRIBUTORS TO THE CENTRAL PROVIDENT FUND WOULD MOSTLY BE THE SMALL DEPOSITORS WHO CURRENTLY PUT THEIR SAVINGS IN BANKS, MR YAXLEY SAID UNLESS EFFICIENT RECYCLING PROCEDURES WERE DEVELOPED, THIS COULD CAUSE PROBLEMS FOR THE BANKING SECTOR, ESPECIALLY FOR THOSE SMALLER LOCAL BANKS WHICH RELIED HEAVILY ON LOCAL DEPOSITS.

ON THE SUGGESTION OF THE ESTABLISHMENT OF A NUMBER OF APPROVED PRIVATE FUNDS AS AN ALTERNATIVE TO A CENTRALISED PROVIDENT FUND SCHEME, MR YAXLEY SAID THAT MOST OF THE PROBLEMS HE HAD IDENTIFIED IN RELATION TO THE ECONOMY AS A WHOLE AND TO THE IMPACT ON EMPLOYERS AND EMPLOYEES WOULD STILL APPLY, ALBEIT AT A REDUCED SCALE.

MR YAXLEY CONCLUDED THAT THE GOVERNMENT AND THE COMMUNITY NEEDED TO BE SATISFIED THAT THE POTENTIAL BENEFITS OF A FUND JUSTIFIED THE RISKS TO HONG KONG'S INTERNATIONAL COMPETITIVENESS AND TO THE ORDERLY PROGRESSION OF HONG KONG'S ECONOMY.

+LET US SHOW FORESIGHT NOT ONLY IN RESPECT OF THE SOCIAL WELL-BEING OF INDIVIDUALS BUT ALSO IN RESPECT OF OUR COLLECTIVE ECONOMIC WELL-BEING AS A COMMUNITY,+ HE SAID.

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PROPOSAL FOR FUND DERIVES FROM CONCERN
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THE PROPOSAL FOR A CENTRAL PROVIDENT FUND DERIVED FROM A VERY PROPER CONCERN FOR THE WELFARE OF ELDERLY PEOPLE IN HONG KONG, AND THE NEED TO ENSURE THAT AFTER THEIR RETIREMENT THEY HAD ADEQUATE FUNDS TO BE ABLE TO MAINTAIN A DECENT STANDARD OF LIVING, THE SECRETARY FOR HEALTH AND WELFARE, THE HON JOHN CHAMBERS, SAID TODAY (WEDNESDAY).

WINDING UP THE DEBATE ON CENTRAL PROVIDENT FUND IN THE LEGISLATIVE COUNCIL, MR CHAMBERS SAID, +MOST ADVANCED COUNTRIES HAVE SOME FORM OF CONTRIBUTORY SOCIAL SECURITY OR SOCIAL INSURANCE SYSTEM AND IT SEEMS TO ME TO BE QUITE APPROPRIATE THAT HONG KONG SHOULD CONSIDER, AT THIS STAGE IN ITS DEVELOPMENT, WHETHER WE NEED TO DEVELOP SUCH A SYSTEM HERE.+

/MR CHAMBERS

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MR CHAMBERS SAID A SMALL WORKING GROUP WAS ESTABLISHED SOME TIME AGO TO EXAMINE THE FINANCIAL NEEDS OF THE ELDERLY AND THE EXTENT TO WHICH THEY WERE BEING CATERED FOR BY THE PRESENT SOCIAL SECURITY ARRANGEMENTS.

+THE WORKING GROUP HAS NOT YET COMPLETED ITS STUDY AND HAS NOT REACHED THE STAGE WHERE IT CAN MAKE FIRM RECOMMENDATIONS. BUT SOME TENTATIVE CONCLUSIONS HAVE BEGUN TO EMERGE,+ HE SAID.

FIRST OF ALL, THERE WAS NO INDICATION FROM THE STATISTICS THAT THERE WAS A GENERAL BREAKDOWN OF THE EXTENDED FAMILY SYSTEM RESULTING IN A VERY LARGE NUMBER OF ELDERLY PEOPLE LIVING ON THEIR OWN AND HAVING TO DEPEND ON STATE FINANCIAL ASSISTANCE.

ACCORDING TO THE BY-CENSUS IN 1986, OVER 80 PER CENT OF THE ELDERLY PEOPLE LIVED WITH THEIR FAMILIES, 7.6 PER CENT LIVED WITH THEIR SPOUSES AND ONLY 11.9 PER CENT LIVED ALONE. THE PROPORTION LIVING WITH THEIR FAMILIES WAS CONSIDERABLY HIGHER THAN IN MOST WESTERN COUNTRIES.

+IT CAN BE SAID THEREFORE THAT FAMILIES IN HONG KONG BY AND LARGE ARE STILL LOOKING AFTER AND SUPPORTING THEIR ELDERLY MEMBERS, ALTHOUGH AS SEVERAL MEMBERS HAVE POINTED OUT THIS CAN REPRESENT QUITE A HEAVY BURDEN ON LESS WELL-OFF FAMILIES,+ MR CHAMBERS NOTED.

+IT IS TRUE THAT THERE IS A SIGNIFICANT NUMBER OF ELDERLY PEOPLE WHO DO RELY ON PUBLIC ASSISTANCE TO MEET THEIR BASIC FINANCIAL NEEDS, AND THIS NUMBER IS LIKELY TO INCREASE,+ HE ADDED.

IN JANUARY 1977, 7.3 PER CENT OF PEOPLE OVER 60 WERE ON PUBLIC ASSISTANCE (29 935 OUT OF A TOTAL OF 412 200). IN JANUARY 1987, 6.2 PER CENT OF THE ELDERLY WERE ON PUBLIC ASSISTANCE (40 575 OUT OF 656 100).

MR CHAMBERS SAID ALTHOUGH THE PERCENTAGE OF ELDERLY PEOPLE ON PUBLIC ASSISTANCE HAD DROPPED SLIGHTLY OVER THE TEN-YEAR PERIOD, THE TOTAL NUMBER INCREASED SUBSTANTIALLY AND THIS COULD RESULT IN A STEADILY INCREASING FINANCIAL BURDEN ON THE COMMUNITY IN THE YEARS TO COME.

ANOTHER CONCLUSION FROM THE STUDY WAS THAT REGARDLESS OF WHETHER THERE WAS TO BE A COMPULSORY PROVIDENT FUND SYSTEM, CENTRALISED OR OTHERWISE, THERE WOULD STILL BE A NEED FOR A PUBLIC ASSISTANCE SYSTEM, SIMPLY BECAUSE THE MOST VULNERABLE PEOPLE WOULD BE THOSE WHO FOR ONE REASON OR ANOTHER HAD NOT BEEN IN REGULAR EMPLOYMENT AND WOULD THEREFORE NOT HAVE BUILT UP A PROVIDENT FUND ADEQUATE TO MEET THEIR NEEDS IN THEIR OLD AGE.

/MR CHAMBERS

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MR CHAMBERS POINTED OUT THAT EVEN COUNTRIES WITH COMPREHENSIVE SOCIAL INSURANCE SCHEMES FOUND IT NECESSARY TO HAVE SUPPLEMENTARY BENEFIT ARRANGEMENTS.

TURNING TO THE FINANCIAL NEEDS OF ELDERLY PEOPLE, MR CHAMBERS SAID IT CLEARLY VARIED VERY MUCH DEPENDING ON THEIR AGE, THEIR STATE OF HEALTH, OTHER PERSONAL CIRCUMSTANCES AND THE DEGREE OF FAMILY SUPPORT THEY RECEIVED.

+DEPENDENCY ON PUBLIC ASSISTANCE TENDS TO INCREASE AS PEOPLE ADVANCE IN AGE, AND SIGNIFICANTLY AFTER THE AGE OF 75. THIS IS CLEARLY BECAUSE ADVANCING AGE BRINGS WITH IT INCREASING FRAILTY AND ALSO BECAUSE ANY SAVINGS ACCUMULATED DURING WORKING LIFE COULD WELL BE EXHAUSTED BY THIS TIME,+ HE NOTED.

ON CONSIDERATION OF POSSIBLE WAYS OF MAKING THE SOCIAL SECURITY SYSTEM MORE SENSITIVE TO THE PARTICULAR NEEDS OF THE ELDERLY PEOPLE WHO WERE IN THE GREATEST NEED, MR CHAMBERS SAID. ONE POSSIBILITY WAS THAT THERE SHOULD BE DIFFERENTIAL RATES OF OLD AGE ALLOWANCE FOR DIFFERENT AGE-GROUPS, WITH THE OLDER GROUPS, SAY OVER 75, RECEIVING A SOMEWHAT HIGHER ALLOWANCE THAN THOSE BELOW THIS AGE.

A SECOND IDEA WAS A FORM OF CONSTANT ATTENDANCE ALLOWANCE, WHICH COULD BE PART OF EITHER THE NON-MEANS TESTED SPECIAL NEEDS ALLOWANCE SCHEME OR AN ADJUNCT TO THE MEANS-TESTED PUBLIC ASSISTANCE SYSTEM.

MR CHAMBERS SAID THIS ALLOWANCE WOULD BE PAYABLE WHEN AN ELDERLY OR HANDICAPPED PERSON NEEDED CONTINUOUS CARE AND ATTENTION- THIS USUALLY MEANT EITHER THAT A MEMBER OF THE FAMILY WHO MIGHT OTHERWISE BE EARNING, HAD TO STAY AT HOME, OR ALTERNATIVELY THAT SOMEONE HAD TO BE PAID TO COME IN THE LOOK AFTER THE INVALID.

+THIS IDEA HAS AN ADDITIONAL ATTRACTION IN THAT NOT ONLY WOULD IT HELP OUR OBJECT OF KEEPING ELDERLY PEOPLE IN THE COMMUNITY AS LONG AS POSSIBLE BUT IT SHOULD ALSO RELIEVE THE PRESSURE ON CARE-AND-ATTENTION HOMES, FOR WHICH THERE IS AT PRESENT A LONG WAITING-LIST.

+AS THE TITLE OF 1977 GREEN PAPER ON SOCIAL SECURITY INDICATED, THE MAIN AIM OF ANY SOCIAL SECURITY SYSTEM IS TO +HELP THOSE LEAST ABLE TO HELP THEMSELVES.

+THE OBJECT OF OUR STUDY IS NOT TO DEMONSTRATE THAT A CENTRAL PROVIDENT FUND IS NOT NECESSARY, BUT TO CONTRIBUTE TO CONSIDERATION OF ALL THE OPTIONS AVAILABLE TO ENSURE THAT OUR ELDERLY CITIZENS ARE ABLE TO LIVE IN DIGNITY AND REASONABLE COMFORT. WE SHALL PURSUE OUR STUDY WITH THIS AIM IN MIND,+ MR CHAMBERS SAID.

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CALL TO THINK CAREFULLY ON CENTRAL PROVIDENT FUND
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HONG KONG MUST THINK VERY CAREFULLY BEFORE EMBARKING ON A COMPULSORY PROVIDENT FUND SCHEME, THE SECRETARY FOR EDUCATION AND MANPOWER, THE HON RON BRIDGE, SAID TODAY (WEDNESDAY).

WINDING UP THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR BRIDGE SAID IF COMPULSION CARRIED A DANGER OF ECONOMIC UPSETS, AND IF IT DID NOT IN ANY CASE ADDRESS THE PROBLEM OF SECURITY IN OLD AGE FOR THOSE WHO WERE IN MOST NEED OF PROTECTION, THEN IT WAS NOT EASY TO SEE THE JUSTIFICATION FOR COMPELLING THE ENTIRE ECONOMICALLY ACTIVE POPULATION TO CONTRIBUTION TO A PROVIDENT FUND.

+IT IS, AFTER ALL, VERY MUCH EASIER TO SET UP SUCH A SCHEME THAN TO WIND IT DOWN ONCE IT HAS STARTED. ALL THE MORE REASON TO BE QUITE CLEAR ABOUT THE ALTERNATIVES BEFORE A DECISION IS TAKEN,+ HE SAID.

HE SAID BOTH THE CENTRALISED AND DECENTRALISED VERSIONS OF PROVIDENT FUND SCHEME BROUGHT BACK THE SAME QUESTION OF PRINCIPLE: SHOULD IT BE COMPULSORY TO CONTRIBUTE TO A PROVIDENT FUND SCHEME OR SHOULD IT NOT.

+BUT THIS IS NOT THE ONLY QUESTION AT ISSUE,+ HE SAID.

HE SAID A FUNDAMENTAL CONCERN WHICH HAD UNDERLAIN THE WHOLE PROVIDENT FUND DEBATE OVER THE PAST YEAR OR TWO WAS THE PROBLEM OF FINANCIAL SECURITY IN OLD AGE.

COMMENTING ON THE ARGUMENTS BY THE PROPONENTS OF COMPULSORY PROVIDENT FUND SCHEMES, MR BRIDGE SAID IT WAS CERTAINLY TRUE THAT THE POPULATION WAS AGING AND THAT THE TOTAL NUMBER OF OLD PEOPLE WAS GROWING BUT THE PICTURE WAS NOT AS BLEAK AS THIS IMPLIED.

+PEOPLE TEND TO REMAIN FIT AND ACTIVE TO A MORE ADVANCED AGE AND ARE WORKING LONGER,+ HE SAID.

+THE PROPORTION OF OLD PEOPLE DRAWING PUBLIC ASSISTANCE HAS REMAINED SMALL AND THERE IS NO EVIDENCE AT PRESENT THAT FAMILIES ARE EITHER LESS ABLE OR LESS WILLING TO SUPPORT THEIR ELDERLY MEMBERS.+

HE SAID THAT BY STATING THIS OUT, IT WAS NOT TO DISMISS THE PROBLEM OUT OF HAND.

HE SAID IT REMAINED TRUE THAT THERE WAS WIDESPREAD CONCERN ABOUT FINANCIAL SECURITY IN OLD AGE AND THE QUESTION OF WHAT COULD AND SHOULD BE DONE ABOUT THIS HAD TO BE ADDRESSED.

/+THE SETTING UP

+THE SETTING UP OF A COMPULSORY PROVIDENT FUND SCHEME, WHETHER CENTRALISED OR DECENTRALISED, IS CERTAINLY ONE APPROACH, BUT IT IS NOT THE ONLY ONE, NOR IS IT NECESSARILY THE BEST,+ MR BRIDGE SAID.

NOTING THAT THE IMPLICATIONS OF ESTABLISHING A CPF WERE SET OUT IN A REVIEW PAPER ISSUED BY THE EDUCATION AND MANPOWER BRANCH IN OCTOBER 1986, MR BRIDGE SAID THE SOCIAL WELFARE ADVISORY COMMITTEE AND THE LABOUR ADVISORY BOARD, AMONG OTHERS, HAD BEEN CONSULTED.

+THIS REVIEW REPRESENTS THE BEST ASSESSMENT OF THE SUBJECT THAT THE INTERESTED BRANCHES AND DEPARTMENTS OF GOVERNMENT HAVE BEEN ABLE TO MAKE, AND, I MUST EMPHASISE, IT WAS CARRIED OUT WITH AN OPEN MIND, AND IS AN HONEST ATTEMPT TO ESTABLISH THE RELEVANT FACTS AND ISSUES,+ HE SAID.

HE SAID THAT THE BASIC ARGUMENTS FOR AND AGAINST A CPF WERE QUITE EASILY STATED UNDER THREE KEY ISSUES: THE IMPACT ON THE ECONOMY- THE EFFECT ON FUTURE SOCIAL WELFARE NEEDS AND THE QUESTION OF COMPULSION.

ON THE FIRST POINT, MR BRIDGE SAID HE FOUND IT DIFFICULT TO SHARE CERTAIN MEMBERS' OPTIMISM ABOUT THE LIKELY ECONOMIC EFFECTS OF ESTABLISHING SUCH A SCHEME, WHETHER CENTRALISED OR NOT.

HE SAID THAT AS POINTED OUT BY THE FINANCIAL SECRETARY, THE MILLIONS OF INDIVIDUAL CONTRIBUTIONS TO A CENTRAL SCHEME, OR COMPULSORY INDIVIDUAL SCHEMES, WOULD HAVE A COLLECTIVE IMPACT ON THE RATE OF INCREASE IN REAL WAGES.

+THEY WOULD ALSO, IN THE SHORT TERM AT LEAST, TEND TO REDUCE THE COMPETITIVENESS OF HONG KONG PRODUCTS, AND POSSIBLY EVEN CAUSE SOME UNEMPLOYMENT,+ MR BRIDGE ADDED.

+IT IS NOT CLEAR THAT THOSE INDICATING THEIR WILLINGNESS TO CONTRIBUTE TO SUCH A SCHEME WOULD IN THE LONG TERM CONTINUE TO SUPPORT IT.+

ON THE EFFECT ON FUTURE SOCIAL WELFARE NEEDS, MR BRIDGE SAID PROVIDENT FUNDS PROVIDE THE BEST RETURN TO RETIREES WHO HAD BEEN IN REGULAR EMPLOYMENT FOR A LARGE NUMBER OF YEARS AND WHO HAD EARNED A REASONABLY HIGH WAGE -- IN OTHER WORDS PRECISELY THOSE WHO HAD BEEN IN THE BEST POSITION TO ACCUMULATE SAVINGS EVEN WITHOUT A PROVIDENT FUND.

HE SAID BY CONTRAST TO OTHER PLACES WHICH HAD ESTABLISHED COMPULSORY PROVIDENT FUND SCHEMES, ALMOST ALL OF THEM SMALL DEVELOPING COUNTRIES, HONG KONG WAS A SOPHISTICATED FINANCIAL CENTRE BELIEVED TO HAVE QUITE A HIGH SAVINGS RATE.

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+THERE ARE MANY OPPORTUNITIES FOR PRIVATE SAVINGS FOR BOTH SMALL AND LARGE INVESTORS, WHICH ALLOW THE INDIVIDUAL TO BALANCE THE RATE OF RETURN AGAINST THE RISK ACCORDING TO HIS PARTICULAR NEEDS AND PREFERENCES,+ MR BRIDGE SAID.

+IT IS NOT CERTAIN THAT COMPULSORY TRANSFER OF A PORTION OF HIS SAVINGS TO A PROVIDENT FUND WOULD BRING HIM ANY REAL BENEFIT.+

ON THE OTHER HAND, COMPULSORY SCHEMES, WHETHER CENTRALISED OR DECENTRALISED, COULD NOT PROVIDE ANY DEGREE OF ADDITIONAL SECURITY TO THOSE WHO HAD NOT BEEN IN REGULAR EMPLOYMENT, OR WHOSE EARNINGS HAD CONSISTENTLY BEEN LOW - IN OTHER WORDS PRECISELY THOSE WHO WERE LIKELY NOW TO RELY ON PUBLIC ASSISTANCE, HE ADDED.

HE SAID THAT TWO WORKING GROUPS HAD BEEN ESTABLISHED WITHIN THE ADMINISTRATION TO EXAMINE ALTERNATIVES.

+THE PROPER TIME TO EXPLORE OPTIONS IS BEFORE A DECISION IS TAKEN AND THAT IS OUR OBJECTIVE,+ HE SAID.

MR BRIDGE ALSO SAID THE REVIEW PAPER REFERRED IN GENERAL TERMS TO A POSSIBLE ALTERNATIVE STRATEGY.

MR BRIDGE SAID IMPROVEMENT OF THE EXISTING FRAMEWORK OF SOCIAL SECURITY PROVISION WAS ONE ELEMENT IN SUCH A STRATEGY, WHILE ENCOURAGEMENT FOR THE ESTABLISHMENT OF PRIVATE PROVIDENT FUND SCHEMES ON A VOLUNTARY BASIS WAS A SECOND ELEMENT.

+THE LONG SERVICE PAYMENT PROVISIONS INTRODUCED INTO THE EMPLOYMENT ORDINANCE LAST YEAR HAVE ALREADY PROVIDED A SIGNIFICANT INCENTIVE TO THE SETTING UP OF COMPANY SCHEMES, SINCE THE EMPLOYER'S LIABILITY MAY BE OFFSET AGAINST HIS CONTRIBUTION TO ANY PAYMENT FROM AN APPROVED PROVIDENT FUND OR RETIREMENT SCHEME,+ HE SAID.

HE STRESSED THAT THE PROPER TIME TO EXPLORE ALL THE OPTIONS WAS BEFORE A DECISION WAS TAKEN, AND IMPROVING THE LONG SERVICE SCHEME WAS CLEARLY ONE OF THE CHOICES OPEN.

+THE GOVERNMENT HAS NOT YET MADE UP ITS MIND ON THIS ISSUE AND IS GENUINELY OPEN TO ALL POINTS OF VIEW,+ MR BRIDGE SAID.

+THE SCOPE FOR FURTHER CONSULTATION, INCLUDING THE POSSIBILITY OF A COMMISSION, WILL BE ONE OF THE ISSUES WHICH THE EXECUTIVE COUNCIL WILL WISH TO CONSIDER BEFORE A FINAL DECISION IS TAKEN,+ HE SAID.

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GROUNDS LAID FOR COLOURFUL DEBATE
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THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND BY 21 MEMBERS WOULD GIVE A FULL SPECTRUM OF CONFLICTING VIEWS ON THIS CONTROVERSIAL ISSUE, THE HON CHAN KAM-CHUEN SAID AT THE BEGINNING OF THE DEBATE IN THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON.

LEADING THE DEBATE AS CONVENOR OF THE LEGISLATIVE COUNCIL AD HOC GROUP STUDYING THE ISSUE, MR CHAN SAID THE GROUP HAD SPENT MONTHS OF INTERVIEWING THE PUBLIC, GATHERING PUBLIC OPINION AND BACKGROUND INFORMATION AND HOLDING NUMEROUS JOINT MEETINGS WITH THE OMELCO STANDING PANEL ON MANPOWER TO PREPARE FOR THE DEBATE.

HE SAID MEMBERS FINALLY CAME TO AN AGREEMENT OVER TWO POINTS WHICH WERE ENDORSED BY THE FULL LEGCO IN-HOUSE MEETING.

HE SAID MEMBERS AGREED THAT THE PROBLEM OF AGEING POPULATION NEEDED TO BE ADDRESSED PROPERLY AS IT WAS EXPECTED THAT THE INCREASE IN NUMBER WOULD IMPOSE A HEAVY BURDEN ON EXISTING SOCIAL SECURITY SYSTEM IN THE YEARS TO COME.

HOWEVER, MEMBERS ALSO RECOGNISED THAT THE SETTING UP OF A CENTRAL PROVIDENT FUND WAS ONE OF THE SOLUTIONS TO THE PROBLEM AND THAT IN IDENTIFYING A PRACTICABLE SOLUTION, DUE CARE MUST BE TAKEN TO ENSURE THAT NO ADVERSE EFFECT WOULD BE BROUGHT TO THE ECONOMY OF HONG KONG, HE SAID.

OUTLINING HIS PERSONAL VIEWS ON THE ISSUE, MR CHAN SAID THE BONE OF CONTENTION SEEMED TO BE THE WISH BY SOME WORKERS THAT THEY SHOULD CONTRIBUTE FIVE PER CENT AND THE EMPLOYER TO CONTRIBUTE FIVE PER CENT OR MORE.

HE SAID EMPLOYERS VIEWED THE EXTRA FIVE PER CENT AS A HIDDEN REQUEST FOR INCREASE IN PAY WHICH WOULD REDUCE THE COMPETITIVENESS OF THEIR GOODS AND MIGHT RESULT IN LESS PROFITS AND JOBS.

HE SUGGESTED THAT THIS BONE OF CONTENTION SHOULD BE REMOVED AND NO FURTHER CONTRIBUTION SHOULD BE REQUIRED FROM EMPLOYERS.

HE ALSO OFFERED HIS OWN CALCULATIONS FOR A SCHEME WHICH HE DESCRIBED AS A +FUND OF THE PUBLIC, BY THE PUBLIC AND FOR THE PUBLIC+.

EMPLOYERS NOT GIVEN CREDIT FOR WHAT HAD BEEN DONE
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INDUSTRIALISTS IN HONG KONG ARE GENERALLY MUCH MORE CONSCIOUS OF THE NEED TO LOOK AFTER THEIR EMPLOYEES THAN THEY HAVE BEEN GIVEN CREDIT FOR, THE HON STEPHEN CHEONG SAID DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND TODAY (WEDNESDAY).

REFERRING TO CERTAIN ALLEGATIONS THAT INDUSTRIALISTS' UNFAVOURABLE RESPONSE TO THE SETTING UP OF THE FUND HAD BEEN DUE TO SELF-INTEREST AND THAT EMPLOYERS WERE BY AND LARGE INSENSITIVE TO THE WELFARE OF THEIR EMPLOYEES, MR CHEONG SAID HE WANTED TO SET THE RECORD STRAIGHT.

HE STRESSED THAT INDUSTRIALISTS WERE NOT AGAINST PROVISION OF BENEFITS TO THE WORKFORCE PER SE. THEY WERE SIMPLY ANXIOUS THAT NO LEGISLATION SHOULD BE PUSHED AND IMPOSED WITHOUT CAREFUL EXAMINATION AND CONSIDERATION OF THE ADVERSE IMPACTS, IF ANY, ON HONG KONG'S ECONOMY, HE SAID.

MR CHEONG POINTED OUT THAT MOST TRADE AND INDUSTRIAL ORGANISATIONS DID SUPPORT EFFORTS IN THE QUEST FOR CONTINUOUS IMPROVEMENT TO THE WORKING CONDITION OF THE WORKFORCE.

HOWEVER, HE SAID, IT WAS INDUSTRIALISTS' VIEW THAT THERE WAS NO WAY THAT ANY PROVIDENT FUND SHOULD BE IMPOSED ON TOP OF THE LONG SERVICE PAYMENT BENEFITS.

+THE REALITY OF HONG KONG ENTERPRISE HAVING TO COMPETE IN THE WORLD MARKETS AGAINST OTHER COUNTRIES MUST BE RECOGNISED,+ HE WARNED.

MR CHEONG POINTED OUT THAT SINCE OVER 80 PER CENT OF THE BUSINESS ENTERPRISES IN HONG KONG WERE MADE UP OF SMALL-SIZE BUSINESSES EMPLOYING LESS THAN 20 PERSONS PER ESTABLISHMENT, THE IMPACT AND IMPLICATION OF ANY IMPOSED COMPULSORY SCHEME WHICH WOULD ADVERSELY AFFECT THE CONTINUED VIABILITY OF THESE SMALL ENTERPRISES NEEDED TO BE CONSIDERED CAREFULLY.

HE NOTED THAT THESE ESTABLISHMENTS COLLECTIVELY EMPLOYED A TOTAL OF 640 000 PEOPLE.

+IF, AS BEING SUGGESTED BY SOME THAT THESE ESTABLISHMENTS BE ALLOWED TO BE EXEMPTED FROM ANY COMPULSORY SCHEMES, HOW CAN WE POSSIBLY ANSWER TO NEARLY 30 PER CENT OF OUR WORKING POPULATION,+ HE ASKED, ADDING THAT THESE WERE POSSIBLY THE PEOPLE WHO MOST NEEDED HELP IN THE YEARS TO COME.

MR CHEONG SAID THAT THE BUSINESS COMMUNITY HAD LATELY FELT THAT THE ISSUE HAD BEEN PUSHED TO THE FOREFRONT BY ACTIVISTS DEPLOYING TACTICS THAT INVARIABLY INVOKED THE SO-CALLED +WISHES OF THE PEOPLE+.

HE FELT THESE ACTIONS WERE NOT REALLY CONDUCTIVE TO AN OBJECTIVE DETAILED ANALYSIS OF THE IMPORTANT ISSUE OF PROVISION OF FUTURE RETIREMENT BENEFITS.

HE URGED THAT THE ISSUE SHOULD BE LOOKED AT IN THE MANRCO VIEW OF WHETHER OR NOT A HASTILY IMPOSED SCHEME WOULD ENDANGER THE VERY ECONOMIC SURVIVAL THAT EVERYONE WAS STRIVING FOR.

MR CHEONG SAID THAT THE FEDERATION OF HONG KONG INDUSTRIES HAD TRIED TO ANALYSE AND ADDRESS PROBLEMS FROM THE MARCO ANGLE AND HAD COME TO SOME PRELIMINARY VIEWS IN A PAPER PUBLISHED FOR PUBLIC REFERENCE.

HE SAID IT HAD BEEN MADE CLEAR THAT THE FEDERATION SUPPORTED THE IDEA OF A DETAILED AND OBJECTIVE STUDY OF THE ISSUE THROUGH A GOVERNMENT APPOINTED COMMISSION.

MR CHEONG ALSO LISTED SOME OF THE FINDINGS OF A PROJECT DONE BY MEMBERS ATTENDING A RECENT SENIOR STAFF COURSE WHICH HE SAID HAD MADE A VERY USEFUL START IN STUDYING THE PROBLEM IN REASONABLE DEPTH.

MR CHEONG SAID IT HAD BEEN GENERALLY ESTABLISHED BY ECONOMISTS THAT THE BETTER PROVISION THROUGH GOVERNMENT OF SOCIAL SECURITY, THE DESIRE TO SAVE BY ITS CITIZENS WOULD DECLINE LEADING TO A SHRINKING OF REINVESTMENT RESOURCES FOR FURTHER ECONOMIC DEVELOPMENT.

HE SAID COMPULSORY OR CENTRAL PROVIDENT FUND WAS REALLY NO MORE THAN FORCING PERSONAL SAVINGS INTO A POOL RUN AND CONTROLLED BY THE STATE THEREBY FREEZING THEIR USE UNTIL 20 OR 30 YEARS LATER.

HE ADDED THAT THIS FREEZING OF AVAILABLE ASSETS WOULD NO DOUBT HAVE ADVERSE EFFECTS ON THE CONTINUED DEVELOPMENT OF THE ECONOMY.

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THREE-PRONGED APPROACH TO IMPROVE WELFARE FOR ELDERLY
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DR THE HON HO KAM-FAI TODAY (WEDNESDAY) ADVOCATED A THREE-PRONGED APPROACH TO IMPROVE SOCIAL SECURITY FOR OLD AGE: ADOPT A SYSTEM OF PRIVATE PROVIDENT FUND SCHEMES, REVIEW THE EXISTING PUBLIC ASSISTANCE, AND EXTEND THE EXISTING LONG SERVICE AND SEVERANCE BENEFITS FOR WORKERS.

SPEAKING DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, DR HO SAID IT WAS IN THE BEST INTEREST OF HONG KONG TO ADOPT A SYSTEM OF PRIVATE PROVIDENT FUND SCHEMES INSTEAD OF A COMPULSORY CENTRAL PROVIDENT FUND.

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HE SAID THAT UNDER THE PRIVATE PROVIDENT FUND SCHEMES THE FUND SHOULD PREFERABLY COVER ALL WAGE-EARNERS IN THE SAME ESTABLISHMENT, WITH CONTRIBUTIONS TO BE MADE BY EMPLOYERS AND EMPLOYEES AT THE SAME RATE.

BENEFITS TO THE EMPLOYEE, TO BE CALCULATED ON THE BASIS OF THE BALANCE CREDITED TO THE EMPLOYEE'S ACCOUNT PLUS INTEREST GAINED, SHOULD BE PAYABLE UPON RETIREMENT OR INVALIDITY OR TRANSFER TO ANOTHER RETIREMENT SCHEME ON CHANGE OF EMPLOYMENT, OR PAYABLE TO HIS SURVIVOR IN THE EVENTUALITY OF DEATH.

HE SAID THE FUND SHOULD BE MANAGED BY PRIVATE INVESTMENT INSTITUTIONS AND SUBJECT TO GOVERNMENT MONITORING AND REGULATION.

DR HO NOTED THAT AT PRESENT THERE WERE SOME 4 700 APPROVED PRIVATE PROVIDENT FUNDS AND RETIREMENT SCHEMES CATERING FOR ABOUT 300 000 WORKERS. ABOUT 50 NEW SCHEMES WERE APPROVED EACH MONTH FOR THE PAST YEAR.

+WITH CONSCIOUS EFFORT ON THE PART OF THE GOVERNMENT TO ENCOURAGE AND PROMOTE THE SETTING UP OF SUCH SAVINGS SCHEMES, I AM CONFIDENT THAT THE GROWTH OF PRIVATE PROVIDENT FUNDS WILL BE FURTHER ACCELERATED,+ HE SAID.

HE SAID A DECENTRALISED PROVIDENT FUND SCHEME, BUILT ON A VOLUNTARY BASIS, WOULD ONLY GENERATE AN INCREMENTAL IMPACT ON THE FINANCIAL MARKET AND LIMIT DISRUPTION TO THE INDUSTRY'S PERFORMANCE, THUS MAKING IT MUCH EASIER FOR THE ECONOMY TO ADJUST AND TO MAINTAIN ITS EQUILIBRIUM.

+THE RUN-UP TO 1997 IS A MOST SENSITIVE PERIOD; THE MASSIVE ABRUPT DISRUPTIONS ASSOCIATED WITH THE INTRODUCTION OF A COMPULSORY CENTRAL PROVIDENT FUND WOULD PROVE TO BE TOO DEVASTATING FOR OUR ECONOMY AND WOULD SHATTER THE BUSINESS CONFIDENCE, LOCAL AND OVERSEAS,+ HE SAID.

AS THE PROVIDENT FUND SCHEME WAS A VERY COMPLEX SYSTEM, FUSED WITH MANY UNCERTAIN LONG-TERM IMPLICATIONS AND FAR-REACHING CONSEQUENCES, DR HO SUGGESTED THAT A COMMISSION COMPOSED OF LABOUR AND EMPLOYER REPRESENTATIVES AND INVESTMENT AND ACTUARIAL EXPERTS SHOULD BE SET UP TO UNDERTAKE AN IN-DEPTH STUDY OF THE ISSUE.

DR HO SAID A NUMBER OF IMPORTANT DETAILS OF THE PROVIDENT FUND SCHEME WARRANTED SERIOUS DISCUSSION. FIRSTLY, HE SAID, THE LEVEL OF CONTRIBUTION MUST BE KEPT AFFORDABLE BY BOTH THE EMPLOYER AND EMPLOYEES.

/HE SAID

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HE SAID THAT PERHAPS WORKERS WITH VERY LOW EARNINGS MIGHT BE EXCLUDED FROM THE SCHEME FOR TWO REASONS. THE LEVEL OF THEIR WAGES WAS BARELY ADEQUATE FOR THEIR SUBSISTENCE. THE CONTRIBUTIONS, IF MADE, WERE SO LOW THAT THE BENEFITS PAYABLE ON RETIREMENT WERE INSIGNIFICANT FOR SOCIAL SECURITY PURPOSES.

SECONDLY, HE SAID, THE TYPES OF CONTINGENCY NEEDS, IN RESPECT OF WHICH BENEFIT PAYMENTS WERE MADE, MUST BE UNEQUIVOCALLY DEFINED AT THE OUTSET.

+IF THE PRIMARY OBJECTIVE OF THE PROVIDENT FUND SCHEME IS TO PROTECT AGAINST OLD AGE, BENEFITS SHOULD BE PAYABLE ONLY UPON RETIREMENT, INVALIDITY OR DEATH,+ HE SAID.

THIRDLY, HE NOTED THAT SOME FEARS HAD BEEN EXPRESSED THAT IF RETIREMENT BENEFITS WERE PAYABLE IN A LUMP SUM, THE RECIPIENTS MIGHT SQUANDER THE LIFE-LONG SAVINGS IN ECONOMICALLY UNSOUND PURSUITS.

CONSEQUENTLY, ALTERNATIVE FORMS OF PAYMENT WERE PROPOSED. THE BENEFICIARIES MIGHT BE PAID BY PERIODIC INSTALMENTS OR ADVISED TO PURCHASE ANNUITY SCHEMES.

FOURTHLY, DR HO SAID, SOME SORT OF LEGISLATION MUST BE ENACTED TO EMPOWER THE GOVERNMENT OR A STATUTORY BODY TO REGULATE AND SUPERVISE THE OPERATION OF THE PROVIDENT FUNDS ENTRUSTED IN THE VARIOUS INVESTMENT INSTITUTIONS.

LASTLY, TAX RELIEF MIGHT BE CONSIDERED FOR THE EMPLOYEE'S CONTRIBUTIONS TO THE PROVIDENT FUND TO ENCOURAGE WAGE-EARNERS TO PARTICIPATE IN THE SAVINGS SCHEME FOR OLD AGE.

REFERRING TO THE OTHER TWO PRONGS OF HIS SUGGESTION TO PROTECT SOCIAL SECURITY FOR OLD AGE, DR HO SAID THE COMMISSION HE PROPOSED SHOULD ALSO REVIEW THE PUBLIC ASSISTANCE AND THE OLD AGE ALLOWANCE SCHEMES, AS THESE WELFARE PROVISIONS FORMED THE MAJOR SOURCE OF INCOME FOR THE DESTITUTE ELDERLY.

+IN ADDITION, THE EXISTING LONG SERVICE AND SEVERANCE BENEFITS AND OTHER LABOUR LEGISLATION SHOULD ALSO BE REVIEWED AND EXTENDED,+ HE SAID.

HE SUGGESTED THAT SUCH CONDITIONS AS THE QUALIFYING AGE OF THE WORKER, THE MAXIMUM COMPENSATION, AND OTHER PAY ENTITLEMENTS SHOULD BE MODIFIED IN THE INTEREST OF WORKERS.

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SUPPORT FOR PRIVATE PROVIDENT FUND SYSTEM
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THE GOVERNMENT SHOULD LAUNCH A WIDESPREAD CAMPAIGN TO PROMOTE THE FURTHER DEVELOPMENT OF PRIVATE PROVIDENT AND RETIREMENT SCHEMES, THE HON HILTON CHEONG-LEEN SAID TODAY (WEDNESDAY) IN THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND.

HE SAID HE HOPED THAT IN TWO TO THREE YEARS, LEGISLATION COULD BE INTRODUCED TO MAKE THE FUND COMPULSORY SHOULD THE GOVERNMENT STUDY SHOW THAT IT WOULD BE PRACTICAL AND DESIRABLE TO INTRODUCE SUCH LEGISLATION.

IN THE LIGHT OF ALL THE INFORMATION HE HAD STUDIED SO FAR, MR CHEONG-LEEN SAID HE DID NOT BELIEVE THAT A FUND SYSTEM WAS SUITABLE TO HONG KONG'S FREE ENTERPRISE CONDITIONS WHERE THE TERRITORY'S ECONOMY MUST BE FLEXIBLE, DYNAMIC AND COMPETITIVE WITH THE REST OF THE WORLD.

HE SAID THAT THE QUESTION OF SETTING UP OF A FUND SHOULD NOT BE APPROACHED ON A PIECEMEAL BASIS, BUT WITHIN THE BROADER FRAMEWORK OF THE EXISTING TYPES OF SOCIAL SECURITY PROVISION SO AS TO PROGRESSIVELY BUILD UP FOR HONG KONG PEOPLE THE HIGHEST LEVEL OF SOCIAL SECURITY NETWORK.

MR CHEONG-LEEN SAID HE BELIEVED THAT PROVISION FOR OLD AGE OR RETIREMENT WAS AN IMPORTANT FACTOR TO BE CONSIDERED, NOT ONLY FOR THOSE IN THE LOWER INCOME BRACKETS, BUT ALSO FOR THE WHITE-COLLAR OR SANDWICH GROUP.

HE SAID THE EXISTING FRAMEWORK OF SOCIAL SECURITY PROVISIONS SHOULD BE REVIEWED WITH RELEVANCE TO THE POSSIBLE SETTING UP OF A COMPULSORY PRIVATE PROVIDENT FUND SYSTEM IN ABOUT THREE TO FIVE YEARS.

HE EMPHASISED THAT SHOULD IT BE RECOMMENDED THAT A PRIVATE PROVIDENT FUND SYSTEM WOULD, IN THE LONG RUN, BE BENEFICIAL TO HONG KONG'S PROSPERITY AND THE WELL-BEING OF THE PEOPLE, LEGISLATION SHOULD BE ENACTED TO PROTECT CONTRIBUTIONS TO SUCH FUNDS.

IN ORDER TO GENERATE MORE SUPPORT ON THE PART OF EMPLOYEES FOR PARTICIPATION IN A PROVIDENT FUND, MR CHEONG-LEEN SUGGESTED THAT THE GOVERNMENT SHOULD EVEN CHANGE THE EXISTING LEGISLATION TO ALLOW EMPLOYEE CONTRIBUTIONS TO BE TAX DEDUCTIBLE, AND ALSO INTEREST INCOME AND GAINS EARNED ON PROVIDENT FUND MONEYS TO BE EXEMPTED FROM TAXATION.

LASTLY, HE CALLED ON THE GOVERNMENT TO MAKE A MORE THOROUGH STUDY OF THE NEED, THE PRACTICABILITY AND THE RELATIVE BENEFITS TO BE DERIVED FROM SOME FORM OF COMPULSORY PRIVATE PROVIDENT FUND SYSTEM FOR THE PEOPLE OF HONG KONG.

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SUPPORT FOR PRIVATE PROVIDENT FUND SCHEMES
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THE CONCEPT OF A CENTRAL PROVIDENT FUND OPERATED BY THE GOVERNMENT WAS COMPLETELY CONTRARY TO HONG KONG'S BASIC ECONOMIC PHILOSOPHY, THE HON DAVID K P LI SAID TODAY (WEDNESDAY).

HE SUGGESTED THAT THE GOVERNMENT SHOULD TAKE STEPS TO ENCOURAGE THE ESTABLISHMENT OF MORE PRIVATE SECTOR PROVIDENT SCHEMES TO PROVIDE FINANCIAL SECURITY FOR THE HALF A MILLION WORKERS WHO AT PRESENT HAD NO GUARANTEED FORM OF SECURITY FOR THEIR OLD AGE.

SPEAKING DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR LI SAID THAT A CENTRAL PROVIDENT FUND WAS BUT ONE OF THE OPTIONS TO PROVIDE THE ELDERLY WITH GREATER FINANCIAL SECURITY.

ONE OF THE FACTORS THE GOVERNMENT HAD TO CONSIDER IN EVALUATING THE NEED FOR A COMPULSORY SCHEME WAS WHETHER OR NOT VOLUNTARY SAVINGS WERE SUFFICIENT TO MEET THE NEEDS OF SENIOR CITIZENS, HE SAID.

+HONG KONG'S SAVINGS RATIO OF 25 PER CENT IS AMONG THE HIGHEST IN THE WORLD. OUR HIGH VOLUNTARY SAVINGS REBUT THE ARGUMENT THAT MOST OF OUR WORKERS ARE NOT CAPABLE OF SAVING ON THEIR OWN.

+THE MAIN TASK OF THE GOVERNMENT IS TO TAKE POSITIVE MEASURES TO ENCOURAGE THIS HIGH LEVEL OF VOLUNTARY SAVINGS.

+THESE MEASURES COULD INCLUDE TAX CONCESSIONS FOR EMPLOYEE CONTRIBUTIONS TO PRIVATE PROVIDENT FUNDS AND IMPROVEMENTS TO THE EXISTING REGULATIONS FOR PRIVATE SCHEMES,+ HE SUGGESTED.

ON THE TRANSFERABILITY OF PENSION BENEFITS, MR LI SAID THAT IT WOULD ENCOURAGE WORKERS TO CONTRIBUTE TO PRIVATE SCHEMES, BUT IT MIGHT ALSO RESULT IN AN UNDESIRABLE INCREASE IN LABOUR MOBILITY.

THIS WOULD IN TURN DISCOURAGE EMPLOYERS FROM COMMITTING RESOURCES TO LABOUR TRAINING AND DEVELOPMENT WHICH WERE ESSENTIAL FOR THE TERRITORY'S INDUSTRIAL WELL-BEING.

MR LI FELT THAT IT WAS NECESSARY TO CONSIDER CERTAIN RESTRICTIONS ON THE TRANSFERABILITY OF PENSION BENEFITS SO AS TO ENCOURAGE EMPLOYERS TO PARTICIPATE AND TO MAINTAIN A REASONABLE STABILITY OF THE WORKFORCE.

HE SAID THREE TO FIVE YEARS MIGHT BE AN APPROPRIATE MINIMUM PERIOD OF SERVICE REQUIRED BEFORE PENSION BENEFITS COULD BECOME TRANSFERABLE.

MR LI ALSO NOTED THAT GREATER FREEDOM TO UTILISE THE FUNDS ACCORDING TO EMPLOYEES' OWN NEEDS WOULD MAKE PROVIDENT FUNDS MORE ATTRACTIVE TO CONTRIBUTORS.

/HE SAID

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HE SAID IF AN EMPLOYEE HAD THE OPTION TO USE HIS CONTRIBUTION AS COLLATERAL FOR A HOUSING LOAN, THIS WOULD SUBSTANTIALLY INCREASE THE POPULARITY OF PROVIDENT FUNDS.

TO ENCOURAGE SMALL FIRMS TO SET UP SUCH SCHEMES, MR LI SAID THE GOVERNMENT SHOULD BROADEN ELIGIBILITY FOR THE EXISTING LONG SERVICE PAYMENT SCHEME, FOR INSTANCE, BY SHORTENING THE MINIMUM PERIOD OF SERVICE FROM 10 YEARS TO FIVE YEARS.

+AS EMPLOYERS' LIABILITIES ON THE LONG SERVICE PAYMENT SCHEME CAN BE OFFSET BY THEIR CONTRIBUTION TO APPROVED PRIVATE PROVIDENT FUNDS, EMPLOYERS WOULD HAVE A GREATER INCENTIVE TO ESTABLISH PRIVATE FUNDS, IF THE PRESENT LONG SERVICE PAYMENT SCHEME IS BROADENED,+ MR LI SAID.

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PRIVATE PROVIDENT FUND SCHEMES FAVOURED
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THE HON HELMUT SOHMEN TODAY (WEDNESDAY) SAID HE FAVOURED A SYSTEM OF VOLUNTARY PRIVATE PROVIDENT FUND SCHEMES.

SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR SOHMEN SAID THAT WHEN HE TRAVELLED AROUND THE WORLD AND TRIED TO EXPLAIN THE ESSENCE OF HONG KONG'S SUCCESS STORY, HE INVARIABLY REFERRED TO THE DILIGENCE AND THE DEDICATION OF THE TERRITORY'S WORKING POPULATION AS ONE OF HONG KONG'S MOST IMPORTANT ASSETS.

THERE WAS NO QUESTION THAT HONG KONG SHOULD THEREFORE LOOK AFTER ITS INDUSTRIOUS WORKFORCE, HE SAID.

+BUT IN THESE DISCUSSIONS I ALSO ALWAYS MENTION THAT OUR WHOLE ECONOMIC SYSTEM AND OUR POLICIES ARE BASED ON THE STRONG BELIEF IN THE BENEFITS OF ALLOWING MAXIMUM INDIVIDUAL CHOICE,+ HE SAID.

HE SAID HE WAS SURPRISED THAT A CALL FOR AN INCREASE IN TAXATION, AND FOR CEDING TO GOVERNMENT THE AUTHORITY TO DECIDE HOW AND WHAT PEOPLE SHOULD INDIVIDUALLY SAVE, AND HOW THESE SAVINGS SHOULD BE INVESTED -- WHICH WAS WHAT A CENTRAL PROVIDENT FUND WOULD DO -- WAS FINDING SUPPORT IN HONG KONG.

+IT RUNS COUNTER TO OUR TRADITIONAL BELIEF IN FREEDOM OF CHOICE, AND THE INTRODUCTION OF A CENTRAL PROVIDENT FUND COULD WELL BE THE BEGINNING OF THE END OF HONG KONG'S ABILITY TO PROGRESS THROUGH A PROVEN RELIANCE ON OUTSTANDING INDIVIDUAL EFFORT,+ HE SAID.

/HE QUESTIONED

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HE QUESTIONED WHETHER HONG KONG WOULD ACCEPT BOTH THE SHORT-TERM DISRUPTION TO THE ECONOMY AND POSSIBLE LOSS OF ITS COMPETITIVE EDGE, AS WELL AS THE LONG-TERM NEGATIVE IMPACT OF A CENTRAL PROVIDENT FUND ON HONG KONG PEOPLE'S ATTITUDES.

HE ALSO DOUBTED WHETHER HONG KONG PEOPLE WERE PREPARED TO LEAVE VERY LARGE AMOUNTS OF THEIR COLLECTIVE SAVINGS IN THE CARE OF OTHERS, SINCE CLEARLY THEY COULD NOT WHOLLY BE INVESTED IN HONG KONG.

+ IS A CENTRAL PROVIDENT FUND REALLY THE BEST ANSWER TO THE PROBLEM OF FINDING PROTECTION FOR THE ELDERLY OR THE UNEMPLOYED, AND WOULD WE NOT BE MOVING AWAY FROM A POLICY OF PROVIDING ONLY FOR THOSE TRULY IN NEED, TO THE IMPOSITION OF BENEFITS ALSO FOR THOSE WHO DO NOT WISH OR REQUIRE ASSISTANCE?+ HE ASKED.

MR SOMMEN ALSO QUESTIONED WHETHER THE INVESTMENT RETURN ON A CENTRAL PROVIDENT FUND WOULD NECESSARILY BE AS GOOD AS OR BETTER THAN THE YIELD FROM INDIVIDUAL INVESTMENTS OR INSURANCE ARRANGEMENTS.

HE SAID THAT IF ANY OR MOST OF THE ANSWERS TO THESE QUESTIONS WERE IN THE NEGATIVE, THEN HE WOULD SUGGEST THAT A CASE HAD NOT BEEN MADE OUT FOR A CENTRAL PROVIDENT FUND AND THAT HONG KONG SHOULD RESTRICT ANY MOVE FORWARD TO THE AVAILABLE ALTERNATIVES.

THESE ALTERNATIVES INCLUDED THE CONTINUATION OF SOCIAL WELFARE REGIMES ONLY FOR THOSE QUALIFYING, COMPULSORY BUT DECENTRALISED PRIVATE PROVIDENT FUND SCHEMES OPERATING UNDER STANDARD TERMS AND CONDITIONS, OR THE POLITICAL AND LEGAL ENCOURAGEMENT TO FOSTER THE GROWTH OF VOLUNTARY PRIVATE SCHEMES THROUGHOUT THE TERRITORY.

HE SAID HE FAVOURED THE LATTER ALTERNATIVE IN ORDER TO PRODUCE THE DESIRED RESULTS WHILE PRESERVING HONG KONG'S BASIC STRENGTH: THE WILL AND THE DETERMINATION TO SURVIVE AND SUCCEED BY INDIVIDUAL EFFORT.

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PRIVATE PROVIDENT FUND SCHEME ADVOCATED
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THE GOVERNMENT SHOULD ENCOURAGE THE FURTHER DEVELOPMENT OF THE PRIVATE PROVIDENT FUND SYSTEM, THE HON CHUNG PUI-LAM SAID TODAY (WEDNESDAY).

SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR CHUNG SAID WHETHER A CENTRAL PROVIDENT FUND WOULD BE SET UP OR NOT HAD SIGNIFICANT AND FAR-REACHING IMPACTS.

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BEFORE A DECISION WAS MADE, HE SAID, CAREFUL CONSIDERATION SHOULD BE GIVEN TO FIVE POINTS: THE NEEDS OF EMPLOYEES, EMPLOYERS' CONSIDERATIONS, PRACTICAL PROBLEMS, THE PROS AND CONS OF A CENTRAL PROVIDENT FUND IN ECONOMIC TERMS AND THE SOCIAL IMPLICATIONS OF SUCH A FUND.

HE SAID THAT A DETAILED ANALYSIS OF THESE FIVE POINTS SHOWED THAT THE ISSUE OF A CENTRAL PROVIDENT FUND WAS SIMPLY A QUESTION OF +PROPER MANAGEMENT AND ON WHOM THE RESPONSIBILITY OF MANAGEMENT SHOULD FALL+.

HE SAID THAT INSTEAD OF ASKING THE GOVERNMENT TO SET UP A CENTRAL BODY TO MANAGE THE FUND, IT WOULD BE BETTER FOR THE GOVERNMENT TO ENCOURAGE THE FURTHER DEVELOPMENT OF A PRIVATE PROVIDENT FUND SYSTEM ON ITS EXISTING BASIS.

HE SAID BASIC LEGISLATION ON THE PROVIDENT FUND SHOULD BE ENACTED TO PROVIDE A BASIS FOR RESOLVING THE PROBLEMS OF FUND MANAGEMENT.

HE SUGGESTED THAT THE FUND SHOULD BE TRANSFERABLE ON CHANGE OF EMPLOYERS IN ORDER TO FOSTER HEALTHY COMPETITION AMONG EMPLOYERS OF THE SAME TRADE.

THE GOVERNMENT SHOULD PLAY A SUPERVISORY ROLE IN MONITORING AND PROVIDING GUIDANCE FOR THE MANAGEMENT OF PRIVATE PROVIDENT FUND TO GUARD AGAINST EMBEZZLEMENT AND TO PROTECT THE INTERESTS OF EMPLOYEES.

HE ADDED THAT THE GOVERNMENT SHOULD FORMULATE, ON THE BASIS OF THE EXISTING SOCIAL WELFARE SERVICES, A COMPREHENSIVE POLICY FOR THE ELDERLY, WITH PARTICULAR EMPHASIS ON THE PRINCIPLE OF RESPECTING AND PROVIDING FOR THE AGED, THE EXPANSION OF RECREATIONAL AND MEDICAL FACILITIES FOR THE ELDERLY, THE PROVISION OF ADDITIONAL HOUSING UNITS FOR THE AGED AND THE ALLOCATION OF APPROPRIATE SUBVENTIONS TO HOMES FOR THE ELDERLY.

MR CHUNG ALSO SUGGESTED THAT THE EXISTING LONG SERVICE GRATUITY SCHEME SHOULD BE FURTHER IMPROVED.

IT WAS MOST IMPORTANT TO ADD A NEW PROVISION TO THE EFFECT THAT IF AN EMPLOYEE VOLUNTARILY TENDERED HIS RESIGNATION WITH JUSTIFIED REASON, HE SHOULD BE OFFERED THE LONG SERVICE GRATUITY ACCORDINGLY, HE SAID.

THE PURPOSE OF REVISING THE LEGISLATION WAS TO PREVENT EMPLOYERS FROM FORCING THEIR EMPLOYEES TO RESIGN AND TO DULY PROTECT THE INTEREST OF EMPLOYEES CONCERNED.

DECENTRALISED PROVIDENT SYSTEM URGED
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THE HON ANDREW WONG SAID TODAY (WEDNESDAY) THAT HE SUPPORTED THE IDEA OF LEGISLATING FOR COMPULSORY PROVIDENT ARRANGEMENT BUT WAS AGAINST THE IDEA OF A COMPULSORY AND CENTRAL PROVIDENT FUND.

HE GAVE THE REASONS BEHIND HIS PHILOSOPHY WHEN ADDRESSING THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND.

HE SAID THE COMPULSION HE MENTIONED SHOULD NOT BE INTERPRETED TO MEAN A RESTRICTION ON THE EMPLOYEE'S FREEDOM TO HIS DECISION BETWEEN SPENDING AND SAVING AND HIS CHOICE OF FORMS OF INVESTMENT.

+RATHER IT SHOULD BE READ IN THE LIGHT OF SAVINGS FOR OLD AGE AND JUSTIFIED ON THE GROUNDS THAT NO MAN OUGHT TO BE GIVEN THE LICENCE TO BECOME A CHARGE TO THE PUBLIC,+ HE SAID.

MR WONG SAID HE BELIEVED THAT A DECENTRALISED SYSTEM WAS THE ONLY SYSTEM COMPATIBLE WITH HONG KONG'S COMPETITIVE FREE ENTERPRISE ECONOMY.

HE SUPPORTED THE CALL FOR THE SETTING UP OF A COMMITTEE TO BE APPOINTED BY THE GOVERNOR TO STUDY IN DETAIL THE NITTY-GRITTIES OF IMPLEMENTATION.

+LET US NOT PROCRASTINATE AND PUT OFF TILL TOMORROW, AS THERE IS A TOMORROW AFTER TOMORROW, AND YET OTHER TOMORROWS TO FOLLOW,+ HE SAID.

MR WONG SAID THE NECESSITY OF SOME ARRANGEMENTS UNDER THE RUBRIC OF SOCIAL SECURITY WAS UNQUESTIONABLE, BE IT FOR HUMANE AND CHARITY REASONS OR ONLY IN THE INTEREST OF THOSE WHO REQUIRED PROTECTION AGAINST ACTS OF DESPERATION.

BUT, HE SAID THE KEY QUESTIONS WERE: FIRST, WERE THE BENEFITS UNDER THE EXISTING ARRANGEMENTS ADEQUATE BOTH IN TERMS OF ELIGIBILITY CRITERIA AND RATES OF PAYMENT? AND IF NOT, SECOND, SHOULD THEY BE MADE ADEQUATE BUT ONLY BY WAY OF FURTHER IMPROVING THE EXISTING ARRANGEMENTS?

HIS ANSWER TO BOTH QUESTIONS WERE +NO+.

ON THE FIRST QUESTION, HE SAID MEMBERS WERE ALL AWARE HOW STRINGENT THE CRITERIA AND HOW MEAGRE THE PAYMENTS WERE, ADDING THAT THE SECRETARY FOR EDUCATION AND MANPOWER'S REVIEW OF THE QUESTION OF THE IDEA OF A CENTRAL PROVIDENT FUND WAS AMPLE EVIDENCE THAT THERE WAS INDEED DEFICIENCY IN THE BENEFITS PAID OUT UNDER THE EXISTING ARRANGEMENTS.

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ON THE SECOND QUESTION, HE SAID IT WAS NOT THAT THE BENEFITS SHOULD NOT BE MADE ADEQUATE, BUT THAT SOMETHING MORE THAN SIMPLY IMPROVING THE EXISTING ARRANGEMENTS WAS NEEDED.

+I HAVE TWO MAJOR OBJECTIONS TO RELYING PRIMARILY ON WELFARE PROVISIONS BY THE GOVERNMENT TO CATER TO THE NEEDS OF THE RETIRED ELDERLY.

+ONE, ALL SUCH PROVISIONS ARE FUNDED BY CURRENT TAX REVENUE WHICH POSÉ A VERY HEAVY BURDEN INDEED ON THE GOVERNMENT IN LEAN YEARS WHEN REVENUE IS NOT BUOYANT AND THE LEANER THE ECONOMY IF THE FATTER THE DEMAND FOR WELFARE PROVISIONS. IT IS THEREFORE IMPORTANT THAT THEY SHOULD ONLY PROVIDE FOR SUBSISTENCE.

+SECOND, THE RATES OF PAYMENT INEVITABLY BECOME MAJOR POLITICAL ISSUES CROPPING UP FROM TIME TO TIME, WITH OR WITHOUT DIRECT ELECTIONS TO THE LEGISLATIVE COUNCIL, AS IT IS THE ONE SURE WAY TOWARDS THE REDISTRIBUTIVE WELFARE STATE,+ HE SAID.

MR WONG SAID HE FEARED, WITHOUT THE INTRODUCTION OF ARRANGEMENTS SUCH AS THE PROVIDENT FUND, IT WOULD BECOME MORE AND MORE DIFFICULT FOR THE GOVERNMENT TO WARD OFF SOCIAL AND POLITICAL DEMANDS IN THIS DIRECTION.

HE WENT ON TO EXPLAIN WHY HE BELIEVED FURTHER IMPROVING THE EXISTING ARRANGEMENTS IN EMPLOYMENT BENEFITS WAS NOT THE APPROPRIATE SOLUTION TO THE PROBLEM OF THE RETIRED ELDERLY.

MR WONG SAID WITH LABOUR LEGISLATIONS STIPULATING THE AMOUNTS OF MONEY TO BE PAID IN TIMES SEVERING, IT WAS DIFFICULT TO ASCERTAIN WHERE JUSTICE LAY, AND WITH WELFARE PROVISIONS KEPT AT A MINIMAL SUBSISTENCE LEVEL AND WITHOUT THE INTRODUCTION OF PROVIDENT SCHEMES, LABOUR LEGISLATIONS FOR WIDER AMBITS AND COVERING MORE AREAS WOULD BECOME MAJOR POLITICAL ISSUES.

HE WAS THEREFORE OF THE OPINION THAT THE EXISTING ARRANGEMENTS OUGHT TO BE BOOSTED BY THE ADDITION OF PROVIDENT FUND ARRANGEMENTS.

LASTLY, HE SAID HE DID NOT SEE THE LOGIC BEHIND MANY EMPLOYERS' OBJECTION TO THE IDEA OF COMPULSORY PROVIDENT FUNDS, WHETHER CENTRALISED OR DECENTRALISED BECAUSE EMPLOYERS WERE ALREADY SHOULDERING THIS COMPARABLE RESPONSIBILITY UNDER THE EXISTING LONG SERVICE PAYMENT LEGISLATION.

BACKING FOR COMMISSION TO STUDY PROVIDENT FUND IDEA
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THE HON KIM CHAM SAID TODAY (WEDNESDAY) THAT HE SUPPORTED THE PROPOSAL FOR A COMMISSION COMPRISING EMPLOYERS, EMPLOYEES AND EXPERTS TO STUDY ISSUES RELATING TO A CENTRAL PROVIDENT FUND TO ENSURE PRACTICABILITY, FLEXIBILITY AND EQUITY.

SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR CHAM SAID THAT IN ESSENCE A CENTRAL PROVIDENT FUND SCHEME REPRESENTED FORCED SAVINGS ON EMPLOYEES AS IN THE LONG RUN REAL WAGES WOULD BE EQUAL TO THE PACKAGE OF SALARY PLUS BENEFITS WHICH WAS ADJUSTED TO REFLECT LABOUR PRODUCTIVITY IN HONG KONG'S FREE ENTERPRISE ECONOMY.

HE NOTED THAT RECENT ESTIMATES OF INITIAL CONTRIBUTIONS TO THE FUND MIGHT RANGE FROM \$5 BILLION TO \$10 BILLION A YEAR, BUT THE ANNUAL AVERAGE VALUE OF EQUITIES, WARRANTS, UNIT TRUSTS AND LOAN STOCKS TRADED IN THE STOCK EXCHANGE FOR THE PAST THREE YEARS AMOUNTED TO ONLY \$3 BILLION.

+THUS, COUPLED WITH ANY REQUIREMENT FOR THE FUND TO BE INVESTED IN HONG KONG, THIS WILL CREATE AN IMPACT ON THE EQUITY MARKET AS WELL AS THE DEBT MARKET,+ HE SAID.

MR CHAM SAID THAT IN THE FUTURE THERE WOULD BE A DEMAND FOR WITHDRAWAL OF THE FUND AS THE POPULATION AGED AND FAMILY PLANNING REDUCED SUBSEQUENT CONTRIBUTIONS TO THE FUND.

THE OUTFLOW OF FUNDS EXCEEDING THE INFLOW WOULD CAUSE A NET DRAIN ON THE FUND, HE SAID.

+IT IS THIS TIME IN THE FUTURE WHEN THE LIQUIDITY OF THE FUND HINGES ON THE PREVAILING STATE OF THE CAPITAL MARKET WHICH CAN CREATE PRESSURE ON THE DEBT OR EQUITY MARKET, NOT TO MENTION THE DIFFICULTY OF LIQUIDATING POOR QUALITY INVESTMENTS,+ HE ADDED.

MR CHAM ALSO SAID THAT WHETHER INVESTMENTS OF THE FUND MUST BE RESTRICTED TO HONG KONG INSTRUMENTS WAS AN IMPORTANT POINT WHICH MUST BE ADDRESSED.

CONFINING INVESTMENTS IN HONG KONG WOULD ENSURE EASIER SUPERVISION AND THE BENEFITS OF THE INVESTMENT MULTIPLIER EFFECT ACCRUING TO THE HONG KONG ECONOMY.

HOWEVER, WITH A PORTFOLIO OF SIGNIFICANT SIZE, THIS WOULD INHIBIT FLEXIBILITY AND INVESTMENT CONFIGURATIONS.

ALTERNATIVELY, INVESTMENTS ABROAD MIGHT FACILITATE DIVERSIFICATION BUT THE LESSONS OF A EPHEMERAL STOCK NOT ADEQUATELY COVERED BY ASSETS OR TRADE MUST BE REMEMBERED, HE SAID.

ANOTHER FACTOR WORTH CONSIDERING WAS THE IMPACT OF INFLATION ON WITHDRAWALS TO THE FUND. WHILE THE INVESTMENT PORTFOLIO COULD BE DIVERSIFIED FOR SECURITY AS WELL AS LIQUIDITY, IT MUST BE RECOGNISED THAT A DIVERSIFIED PORTFOLIO MIGHT HAVE TO SACRIFICE YIELD FOR QUALITY.

UPON WITHDRAWAL, THE RETURN ON INVESTMENT SHOULD BE AT LEAST EQUAL TO THE RATE OF INFLATION.

+IN THE EVENT THAT THE YIELD OF THE FUND DOES NOT MATCH THE RATE OF INFLATION, TO FORCE ALL EMPLOYEES TO SAVE INVOLUNTARILY BY LEGISLATION MEANS THAT THEY ARE FORCED TO LOSE OUT ON THE PURCHASING POWER OF THEIR HARD-EARNED SAVINGS,+ HE SAID.

MR CHAM SAID THAT GIVEN THE RISK AND UNCERTAINTIES, HE SUPPORTED THE PROPOSAL TO SET UP A COMMISSION TO LOOK INTO THE ISSUES INVOLVED.

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COMMISSION PROPOSED TO STUDY SOCIAL SECURITY SYSTEM
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THE HON THOMAS CLYDESDALE TODAY (WEDNESDAY) SAID HE SUPPORTED THE CONCEPT OF AN IMPROVED SOCIAL SECURITY SYSTEM FOR THE ELDERLY BUT COULD NOT SUPPORT THE CONCEPT OF A CENTRAL PROVIDENT FUND AS A MEANS TO SECURING THIS END.

SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR CLYDESDALE SAID HE BELIEVED THAT GOVERNMENT INVOLVEMENT IN A CENTRAL PROVIDENT FUND SCHEME WOULD DISCOURAGE BUSINESS INVESTORS AND BUSINESS INVESTMENT BECAUSE BUSINESS, WHICH WOULD BE PAYING DIRECTLY INTO SUCH A SCHEME AND YET HAD NO CONTROL OVER ITS DIMENSIONS, WOULD SEE NO END TO POTENTIAL GRADUAL INCREASES IN COST.

HE SAID THAT APART FROM THE INCREASING BURDEN OF A SCHEME WHICH HAD TO DEAL WITH A HIGHER AND HIGHER NUMBER OF AGED PEOPLE RETIRING FROM THE WORKFORCE, THERE WOULD BE IMMENSE PROBLEMS IN DEALING WITH THE HUGE CAPITAL SUMS PAID INTO THE SCHEME FROM DAY ONE.

/HE NOTED

HE NOTED THAT ASSUMING A CONTRIBUTION OF FIVE PER CENT OF SALARIES FROM EMPLOYEES AND FIVE PER CENT FROM EMPLOYERS, THE AMOUNT OF THE FUND HAD BEEN ESTIMATED AT OVER \$10 BILLION A YEAR INITIALLY IF ALL THE WORKFORCE WAS TO BE COVERED.

+THE INVESTMENT OF CPF FUNDS ON THIS SCALE BY THE GOVERNMENT WOULD ALSO REQUIRE A SUBSTANTIAL FINANCIAL MANAGEMENT SYSTEM, LIKELY TO BE EXPENSIVE IN ITS OWN RIGHT,+ HE SAID.

MR CLYDESDALE SAID A CENTRAL PROVIDENT FUND WOULD BE BOUND TO INCREASE LABOUR COSTS.

HE NOTED THAT LOCAL MANUFACTURERS DID NOT HAVE THE MEANS TO CUSHIONING THE EFFECTS OF INCREASED PRODUCTION COSTS IN INDUSTRY THROUGH DOMESTIC PRICING MECHANISMS AS OVER 90 PER CENT OF THEIR PRODUCTION WAS EXPORTED AND THEIR PRODUCTS MUST REMAIN PRICE COMPETITIVE IN WORLD MARKETS.

HE SAID THERE WERE BETTER ALTERNATIVES TO A CENTRAL PROVIDENT FUND.

+I BELIEVE WE MUST NOW LOOK CLOSELY AT THE POSSIBILITY OF DEVELOPING SOME FORM OF OLD AGE PENSION WHICH IDEALLY WOULD NOT REQUIRE MEANS TESTING AND WHICH WOULD EVENTUALLY BE OPEN TO ALL QUALIFIED HONG KONG RESIDENTS AT AGE 65,+ HE SAID.

HE SAID THE GOVERNMENT WOULD BE RESPONSIBLE FOR THE PAYMENT OF OLD AGE PENSIONS AND THE COST WOULD OBVIOUSLY HAVE TO BE FOUND FROM GENERAL REVENUE.

+I APPRECIATE THAT THE FUNDING OF SUCH A PROPOSAL WOULD OBVIOUSLY HAVE TO BE VERY CAREFULLY CONSIDERED BUT I BELIEVE OUR ECONOMY COULD ACCEPT THE FINANCIAL COST,+ HE SAID.

HE PROPOSED THAT A COMMISSION BE SET UP TO STUDY THE PRESENT SOCIAL SECURITY SYSTEM IN ITS ENTIRETY. SUCH A COMMISSION COULD BE ASKED TO CONSIDER THE DEVELOPMENT OF AN OLD AGE SCHEME AS PART OF ITS TERMS OF REFERENCE.

HE SAID THAT IF THE GOVERNMENT DECIDED THAT A CENTRAL PROVIDENT FUND SHOULD NOT BE INTRODUCED IN HONG KONG, THEN THE WAY WAS CLEAR FOR AN IMPROVEMENT IN EXISTING SOCIAL SECURITY MEASURES.

+HOWEVER, THESE MUST BE LOOKED AT AS PART OF AN OVERALL SYSTEM WHICH NOT ONLY PROVIDES COMPREHENSIVE SERVICES AT AN ACCEPTABLE COST BUT WHICH IS DEVELOPED AS A WHOLE RATHER THAN AS A SERIES OF RELATED BUT UNCO-ORDINATED MEASURES WHOSE COST CANNOT BE ACCURATELY ASSESSED,+ HE SAID.

ELDERLY WORKERS NEED ADEQUATE RETIREMENT SYSTEM
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AN INADEQUATE RETIREMENT SYSTEM FOR ELDERLY WORKERS BROUGHT NOT ONLY PROBLEMS OF MATERIAL DEPRIVATION BUT ALSO SPIRITUAL SUFFER AS WELL, THE HON ROSANNA TAM SAID TODAY (WEDNESDAY).

WHAT WAS NEEDED WAS NOT ONLY TO SATISFY THEIR MATERIAL WANTS BUT TO LOOK FOR A WAY TO ENTITLE THEM TO A BASIC STANDARD OF LIVING IN A RESPECTABLE AND DIGNIFIED WAY, MRS TAM SAID.

SPEAKING DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MRS TAM SAID THOSE RETIRED PEOPLE WHO EVEN HAD THE ASSISTANCE FROM THEIR FAMILIES MUST NOT BE OVERLOOKED.

+WITHOUT ECONOMIC INDEPENDENCE AND DEPRIVED OF THE CHOICE OF THEIR PREFERRED WAY OF LIFE AFTER RETIREMENT, THEY MAY ENCOUNTER VARIOUS PROBLEMS SUCH AS THEIR RELATIONSHIP WITH THE FAMILY, THEIR PSYCHOLOGICAL STATES AND EVEN THEIR WILL OF LIVING,+ SHE SAID.

IN RECENT YEARS, THE PROBLEM OF ABUSE OF THE ELDERLY HAD BECOME SERIOUS, AS EVIDENCED IN THE RISING TREND OF SUICIDE AMONG THE ELDERLY, SHE ADDED.

MRS TAM SAID THE PUBLIC ASSISTANCE SCHEME DID PROVIDE FINANCIAL ASSISTANCE TO THE NEEDY ELDERLY BUT THE WAY THE ASSISTANCE WAS OFFERED, HOWEVER, WOULD HURT THEM PSYCHOLOGICALLY.

AFTER ALL, SHE SAID, HONG KONG'S SOCIAL WELFARE WAS AIMED AT THOSE WHO COULD NOT HELP THEMSELVES EITHER ON A LONG-TERM OR SHORT-TERM BASIS.

PUBLIC ASSISTANCE ITSELF CARRIED A STRONG STIGMA TO CAUSE FEELINGS OF INFERIORITY AND USELESSNESS AMONG THE RECIPIENTS.

SHE FELT THAT A MORE POSITIVE AND IDEAL SOLUTION WAS TO PINPOINT THE PROBLEM OF AN INADEQUATE RETIREMENT SYSTEM AND ESTABLISH A PROVIDENT FUND SCHEME.

+EMPLOYEES CAN, UNDER THE PRINCIPLE OF WORK MORE AND EARN MORE, SAVE UP PART OF THEIR EARNINGS WHEN THEY ARE YOUNG AND SECURE A PENSION UPON RETIREMENT AT THEIR OLD AGE.

+IRRESPECTIVE OF WHETHER THEY WILL BE TAKEN CARE OF BY THEIR RELATIVES, THE RETIRED EMPLOYEES ARE ABLE TO MAINTAIN A BASIC LIVING STANDARD AND HAVE MORE FREEDOM IN CHOOSING THEIR PREFERRED RETIRED LIFE WITHOUT LOSING EITHER SELF-RESPECT OR SELF-CONFIDENCE,+ SHE SAID.

MRS TAM SAID THE IMPLEMENTATION OF SUCH A PROVIDENT FUND SCHEME COULD NOT BE ACHIEVED BY MERELY ENCOURAGING THE EMPLOYERS TO SET UP THEIR OWN SCHEMES ON A VOLUNTARY BASIS. OTHERWISE, AT THE CURRENT RATE OF 50 NEW SCHEMES BEING SET UP EACH MONTH, IT WOULD TAKE A VERY LONG TIME FOR ALL THE 200 000 ESTABLISHMENTS, IN PARTICULAR THOSE SMALL AND MEDIUM-SIZED ENTERPRISES, TO ACCOMPLISH THEIR OWN SCHEMES.

SHE BELIEVED THE MOST APPROPRIATE APPROACH WAS TO REQUIRE ALL EMPLOYERS OF DIFFERENT SIZES OF ORGANISATIONS TO ESTABLISH PROVIDENT FUND SCHEMES THROUGH LEGISLATION.

SHE SAID SUCH PROVIDENT FUND SHOULD HAVE FIVE CHARACTERISTICS.

FIRSTLY, ALL PRIVATE ENTERPRISES IN HONG KONG SHOULD BE REQUIRED BY LEGISLATION TO ESTABLISH PROVIDENT FUNDS WITH CONTRIBUTIONS FROM BOTH THE EMPLOYERS AND EMPLOYEES.

SECONDLY, TO FACILITATE THE IMPLEMENTATION, A GRADUAL APPROACH SHOULD BE ADOPTED IN STAGES STARTING WITH THE LARGE ENTERPRISES AND FOLLOWED BY MEDIUM AND SMALL-SIZED ENTERPRISES.

THIRDLY, A STANDARD REQUIREMENT FOR ALL PROVIDENT FUND SCHEMES SHOULD BE LAID DOWN BY LEGISLATION.

FOURTHLY, IN THE EVENT OF TERMINATION OF EMPLOYMENT, THE EMPLOYEE'S PREVIOUS CONTRIBUTIONS SHOULD BE TRANSFERABLE TO HIS NEW FUND.

FIFTHLY, INDIVIDUAL ENTERPRISE COULD ENGAGE INSURANCE COMPANIES OR FINANCIAL FIRMS TO MANAGE THEIR OWN FUNDS.

MRS TAM REITERATED THAT HONG KONG SHOULD ACTIVELY CONSIDER HOW TO ESTABLISH A PROVIDENT SCHEME.

SHE BELIEVED THIS WOULD HELP SOLVE THE PROBLEMS OF SOCIAL SECURITY FOR THE RETIRED WORKERS, OF THE PRESSURE OF AN AGING POPULATION AND OF THE MAINTENANCE OF SOCIAL STABILITY FOR THE NEXT TEN YEARS TO COME.

+I AM IN FULL SUPPORT OF THE PROPOSAL TO SET UP A COMMISSION BY THE GOVERNMENT TO STUDY THE ESTABLISHMENT OF A COMPULSORY PROVIDENT FUND,+ SHE SAID.

ADMINISTRATION BLAMED FOR LACK OF FORESIGHT

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THE GOVERNMENT WAS BLAMED FOR NOT ONLY FAILING TO ACCEPT BUT ALSO IGNORING THE VIEWS AND ADVICE EXPRESSED IN THE 1967 +REPORT BY THE INTER-DEPARTMENTAL WORKING PARTY TO CONSIDER CERTAIN ASPECTS OF SOCIAL SECURITY+, AS WELL AS THE RECOMMENDATIONS PUT FORWARD BY EMPLOYEE REPRESENTATIVES DURING DISCUSSIONS ON THE +GREEN PAPER ON SOCIAL SECURITY DEVELOPMENT 1977+.

THIS WAS STATED BY THE HON PANG CHUN-HOI IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND (CPF).

HE POINTED OUT THAT MEMBERS OF THE PUBLIC, INCLUDING EMPLOYERS, WERE FULLY AWARE THAT THE SECURITY OF AGED WORKERS AFTER RETIREMENT WAS ACTUALLY A SOCIAL PROBLEM WHICH NEEDED AN URGENT SOLUTION.

HE ADDED THAT A CONSENSUS OF OPINION, INCLUDING VIEWS OF MEMBERS OF THE LEGISLATIVE COUNCIL'S AD HOC GROUP TO PREPARE FOR THE DEBATE, HAD ALREADY BEEN REACHED.

MR PANG SAID SINCE THE ISSUE OF WHETHER A CENTRAL PROVIDENT FUND SHOULD BE ESTABLISHED WAS BROUGHT UP, THE AUTHORITIES CONCERNED HAD BEEN USING DELAYING AND PERFUNCTORY TACTICS.

HE SAID THE SETTING UP OF TWO INTERNAL WORKING GROUPS BY THE GOVERNMENT TO IMPROVE THE SOCIAL SECURITY SYSTEM AND TO EXPLORE WAYS TO ENCOURAGE THE ESTABLISHMENT OF PRIVATE RETIREMENT SCHEMES WAS APPARENTLY AN ATTEMPT TO THWART THE ESTABLISHMENT OF A CPF AND COMPLETELY BETRAYED THE GOVERNMENT'S INTENTION TO SHIRK ITS RESPONSIBILITY.

THE CURRENT ATTITUDE AND POLICY OF THE GOVERNMENT TOWARDS THE CPF FULLY CONFIRMED THE FORESIGHT AND ADMONISHMENT CONTAINED IN THE 1967 REPORT.

+IT WOULD THEN AVAIL NOTHING TO LAMENT THE FACT THAT FORESIGHT HAD NOT PREVAILED A FEW YEARS EARLIER,+ HE SAID.

MR PANG CALLED ON THE GOVERNMENT TO FACE REALITY RESOLUTELY BY ADOPTING A FAIR AND POSITIVE APPROACH TOWARDS THE CPF, AND BY SETTING UP A SPECIAL COMMISSION TO STUDY THE CPF AS SOON AS POSSIBLE.

MR PANG REITERATED THE RECOMMENDATIONS MADE BY EMPLOYEE REPRESENTATIVES ON THE +GREEN PAPER ON SOCIAL SECURITY DEVELOPMENT+ IN 1977.

THEY PROPOSED THAT CONTRIBUTIONS TO A LIFE INSURANCE SCHEME FOR EMPLOYEES MUST BE COMPULSORY, SO THAT ALL EMPLOYEES UNDER THE PROTECTION OF THE EMPLOYMENT ORDINANCE COULD PARTICIPATE, AND THAT THE AMOUNT OF CONTRIBUTION MUST BE RAISED TO FIVE PER CENT.

/HE SAID

HE SAID THAT TRADE UNIONS AND LABOUR ORGANISATIONS IN HONG KONG HAD NEVER GIVEN UP HOPE AND HAD ALL ALONG BEEN PRESSING THE GOVERNMENT TO FACE UP TO THE FACT OF AN AGING WORKFORCE AND THE SOCIAL PROBLEMS POSED BY THEIR LACK OF SECURITY ON RETIREMENT. RELEVANT MEASURES WERE THUS REQUIRED TO SOLVE THE PROBLEM.

MR PANG CONCLUDED BY QUOTING FROM THE 1967 REPORT ON SOCIAL SECURITY: +WE ARE THUS CONVINCED THAT THE TIME HAS COME WHEN THE COMMUNITY AS A WHOLE SHOULD BE PERSUADED AND, IF NECESSARY, COMPELLED TO BEGIN ASSISTING ITSELF IN MAKING PROVISION FOR ITS OWN OLD AGE. WHILE RESISTENCE TO SUCH MEASURES CAN BE EXPECTED FROM CERTAIN SECTORS OF THE COMMUNITY ON THE GROUNDS THAT THEY WOULD CONSTITUTE INTERFERENCE WITH THE LIBERTY OF THE INDIVIDUAL, IT SHOULD BE REMEMBERED THAT THESE SAME PEOPLE WILL BE QUICK TO BLAME THE ADMINISTRATION FOR LACK OF FORESIGHT WHEN A VAST AND INSOLUBLE PROBLEM OF OLD AGE POVERTY EMERGES.+

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CALL FOR INDEPENDENT BODY TO MANAGE FUND
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THE GOVERNMENT SHOULD ESTABLISH A COMPREHENSIVE PROVIDENT FUND SCHEME THROUGH LEGISLATION TO BE MONITORED AND MANAGED BY AN INDEPENDENT BODY, THE HON LEE YU-TAI SAID IN THE LEGISLATIVE COUNCIL.

MR LEE ALSO SUGGESTED THAT THE FUND SHOULD BE NAMED +STATUTORY PROVIDENT FUND+, DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND.

HE POINTED OUT THAT THE PEOPLE OF HONG KONG MIGHT NOT HAVE CONFIDENCE IN A FUND BEING MANAGED BY THE GOVERNMENT BECAUSE OF THE FUTURE OF THE TERRITORY AND THE HANDING OVER OF THE SOVEREIGNTY TO CHINA.

+THE WORD 'CENTRAL' MAY EASILY LEAD TO THE MISUNDERSTANDING THAT THE FUND IS 'MANAGED BY GOVERNMENT' AND A CHANGE OF NAME IS THEREFORE NECESSARY,+ HE SAID.

QUOTING FIGURES, MR LEE SAID MOST PEOPLE WOULD PROBABLY SPEND MORE THAN 10 YEARS IN RETIREMENT AND HE FEARED THAT SOCIAL WELFARE AND PERSONAL SAVINGS WOULD NOT BE ABLE TO COPE WITH THIS PROBLEM.

+THE ESTABLISHMENT OF A CENTRAL PROVIDENT FUND FOR THE ENTIRE WORKFORCE IS THEREFORE THE ONLY SOLUTION,+ HE URGED.

HE ALSO POINTED OUT THAT A SURVEY REPORT SHOWED THAT NEARLY 90 PER CENT OF THE RESPONDENTS WHO WERE YOUNG WORKERS THOUGHT THERE WAS A NEED TO ESTABLISH A CENTRAL PROVIDENT FUND AND THREE-QUARTERS OF THEM WERE WILLING TO PAY A MONTHLY CONTRIBUTION.

MR LEE SUGGESTED THAT CONSIDERATION SHOULD BE GIVEN TO SETTING UP A SELECT COMMITTEE TO STUDY THE ISSUE.

+THE REASON IS THAT A SELECT COMMITTEE WILL MEET IN PUBLIC AND OPEN HEARINGS CAN BE HELD TO LISTEN TO THE VIEWS OF THE PUBLIC, INCLUDING BOTH EMPLOYERS AND EMPLOYEES,+ HE EXPLAINED.

HE SAID SUCH A WORKING PROCEDURE WOULD CERTAINLY BE FAIR AND OBJECTIVE AND WOULD THUS GAIN PUBLIC SUPPORT.

MR LEE ALSO FELT THAT IF A STATUTORY PROVIDENT FUND SYSTEM WAS TO BE INTRODUCED, A CUSHIONING OR ADJUSTMENT PERIOD SHOULD BE ALLOWED FOR THE MEDIUM AND SMALL ENTERPRISES, SUCH AS THOSE WITH LESS THAN 100 EMPLOYEES.

HE SUGGESTED THAT DURING THE FIRST THREE YEARS OF THE ENACTMENT OF THE LEGISLATION, THESE ENTERPRISES SHOULD BE ALLOWED TO PARTICIPATE IN THE SCHEME AT THEIR OWN WILL BUT THEY WOULD BE OBLIGED TO JOIN AFTER THE ADJUSTMENT PERIOD.

MR LEE FELT THAT PROVIDENT FUND SCHEMES MIGHT NOT NECESSARILY INCREASE PRODUCTION COSTS AS THESE WOULD ALSO DEPEND ON THE PROGRESS MADE IN THE PRODUCTION AUTOMATION AS WELL AS THE SUPPLY AND DEMAND RELATIONSHIP IN THE LABOUR MARKET.

HE SAID THAT UNDER THE PRESENT LONG SERVICE PAYMENT ORDINANCE, EMPLOYEES COULD NOT GET THEIR PAYMENT UNTIL THEIR EMPLOYMENT WAS TERMINATED.

+AS A RESULT, EVEN WHEN THEY ARE OLD AND WEAK, THEY WILL CONTINUE TO WORK AND REFUSE TO RESIGN OR RETIRE ON THEIR OWN,+ HE SAID.

HE ARGUED THAT THIS WOULD LEAD TO A SITUATION WHERE EMPLOYEES WOULD BECOME SENILE COLLECTIVELY, WHICH WAS DETRIMENTAL TO THE RATE OF PRODUCTION AND PROBABLY NOT TO THE BENEFIT OF EMPLOYERS AS WELL.

THEREFORE, HE PROPOSED THAT BEFORE THE IMPLEMENTATION OF THE PROVIDENT FUND SCHEME, THE LONG SERVICE PAYMENT ORDINANCE SHOULD BE AMENDED TO ALLOW AGED EMPLOYEES WHO HAD LOST THEIR WORKING ABILITY TO RECEIVE THE PAYMENT SO AS TO PREVENT THE AGING PROBLEM AMONG EMPLOYEES.

ESTABLISHMENT OF PROVIDENT FUND PRACTICABLE

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THE ESTABLISHMENT OF A CENTRAL PROVIDENT FUND WAS PRACTICABLE AND ESSENTIAL, THE HON SZETO WAH TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, MR SZETO SAID THAT TO PROVIDE FOR LIVELIHOOD OF RETIRED OLD PEOPLE WAS NOT JUST A KIND OF MORALITY, BUT IT WAS ALSO FOR THE SAKE OF RAISING A BETTER YOUNGER GENERATION.

HE SAID: +IF THERE IS NO SYSTEM IN THE SOCIETY TO TAKE CARE OF THE ELDER GENERATION, THE RESPONSIBILITY WILL NATURALLY FALL ON THE YOUNGER GENERATION IN THE FAMILY.

+THEN THEY WILL BE OBLIGED TO SHOULDER THE DOUBLE BURDEN OF TAKING CARE OF THE OLD AS WELL AS THE YOUNG, AND WILL INEVITABLY AFFECT THEIR CARE FOR THE NEXT GENERATION.

+IF THE SOCIETY CAN BUILD UP A SYSTEM TO SHARE THEIR RESPONSIBILITY OF LOOKING AFTER THE ELDER GENERATION, THEY WOULD BE ABLE TO CONCENTRATE ON LOOKING AFTER AND RAISING A BETTER NEXT GENERATION.+

MR SZETO SAID AT PRESENT THERE WERE TWO MAJOR RIVAL CAMPS - ONE IN FAVOUR OF AND ONE AGAINST THE ESTABLISHMENT OF A CENTRAL PROVIDENT FUND.

HE WARNED THAT A FLAT REJECTION OR A PROMPT IMPLEMENTATION OF THE PROPOSAL WOULD LIKEWISE AGGRAVATE ANTAGONISM BETWEEN THE TWO CAMPS.

BUT HE FELT THE TWO RIVAL CAMPS WERE NOT WITHOUT POINTS IN COMMON, THERE WAS BUT A LACK OF COMMUNICATION.

+IF THE SPIRIT OF CONSULTATION COULD BE FULLY EXPLOITED AND THE MATTER IS DELIBERATED IN DETAIL, THESE TWO CAMPS WILL GRADUALLY REDUCE THE DISTANCE BETWEEN THEM AND JOIN HANDS TO ESTABLISH A SECURITY SCHEME FOR RETIRED OLD PEOPLE,+ MR SZETO SAID.

FOR THE PURPOSE OF BETTER COMMUNICATION, DEVELOPING A SPIRIT OF CONSULTATION AND DETAILED DELIBERATION, HE SAID HE SUPPORTED THE PROPOSAL TO SET UP A COMMISSION WHICH WOULD INCLUDE REPRESENTATIVES OF THE GOVERNMENT, EMPLOYERS, EMPLOYEES AND VARIOUS PROFESSIONALS.

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'FUND WILL BRING MORE GOOD THAN HARM'

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DR THE HON CONRAD LAM SAID TODAY (WEDNESDAY) THAT HE WAS IN SUPPORT OF SETTING UP A COMPULSORY PROVIDENT FUND SCHEME, THE OPERATION OF WHICH WAS TO BE CO-ORDINATED AND MONITORED BY THE GOVERNMENT.

SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE ADJOURNMENT DEBATE ON CENTRAL PROVIDENT FUND, DR LAM SUGGESTED THAT A COMMISSION SHOULD FIRST BE SET UP LATER THIS YEAR TO STUDY ALL ASPECTS OF THE SCHEME IN DETAIL AND DETERMINE THE MODE OF OPERATION.

HE SAID THE FUND SHOULD BE COMPULSORY, UNIFIED (AND TRANSFERABLE), STABLE, OFFERING SAFEGUARD AND INVOLVING THE PARTICIPATION OF THE GOVERNMENT, AND BOTH EMPLOYERS AND EMPLOYEES.

HE SAID THE COMMISSION SHOULD THEN FORWARD ITS RECOMMENDATIONS TO THE PARTIES CONCERNED FOR CONSULTATION BEFORE BEING SUBMITTED TO THE EXECUTIVE COUNCIL FOR CONSIDERATION.

TWO YEARS FROM NOW, ALL LEGISLATIVE PROCEDURES SHOULD BE COMPLETED AND A MANAGEMENT AUTHORITY COULD BE SET UP TO FULLY IMPLEMENT THE PROVIDENT FUND, HE ADDED.

DR LAM SAID THAT EMPLOYING DELAYING TACTICS WAS NOT THE PROPER WAY TO RESOLVE PROBLEMS AND, ON THE CONTRARY, SUCH ACTION WOULD ERODE PUBLIC CONFIDENCE IN THE GOVERNMENT.

+IF WE BEAR IN MIND THAT WE ARE IN THE SAME BOAT AND ADOPT A COMPROMISING ATTITUDE, I AM SURE THAT ALL CONTROVERSIAL ISSUES CAN EASILY BE RESOLVED,+ HE SAID.

DR LAM NOTED THAT THE GOVERNOR HAD SAID IN HIS SWEARING-IN SPEECH THAT +ALL MEMBERS OF OUR COMMUNITY SHARE THE FRUIT OF OUR SUCCESS+ AND THAT +WE MUST ALSO MEET THE NEEDS AND ASPIRATIONS OF THE INDIVIDUAL MEMBERS OF OUR COMMUNITY. WE MUST CONTINUE TO IMPROVE OUR SOCIAL WELFARE SERVICES. WE MUST THINK OF THE ELDERLY AND THOSE WHO CANNOT LOOK AFTER THEMSELVES+.

DR LAM SAID THE IMPLEMENTATION OF THE FUND SCHEME WOULD GO A LONG WAY TOWARDS REALISING THE ABOVE UNDERTAKINGS.

JUDGING FROM THE PRESENTATION OF THE DOCUMENT ISSUED BY THE SECRETARY FOR HEALTH AND WELFARE TO THE OMELCO MANPOWER PANEL ON APRIL 30, 1987, DR LAM SAID HE WAS VERY WORRIED THAT THE GOVERNMENT WOULD CONTINUE TO EMPLOY +DELAYING TACTICS+ ON THE FUND ISSUE, AS SOME FIGURES WHICH HAD INCREASED SUBSTANTIALLY WERE REPRESENTED IN PERCENTAGES IN ORDER TO CREATE A MISLEADING IMPRESSION THAT THEY HAD FALLEN.

FOR EXAMPLE, HE SAID, THE NUMBER OF PEOPLE AGED 60 AND ABOVE LIVING ALONE ON PUBLIC ASSISTANCE INCREASED FROM 25 769 IN 1976 TO 32 527 IN 1986. BUT IN THE DOCUMENT THE FIGURES WERE PRESENTED AS 57.1 PER CENT IN 1976 AND 45.9 PER CENT IN 1986.

/SIMILARLY, THE

SIMILARLY, THE NUMBER OF PEOPLE AGED 70 AND ABOVE RECEIVING PUBLIC ASSISTANCE ALLOWANCE INCREASED FROM 18 810 IN 1976 TO 31 736 IN 1986, BUT THE FIGURES WERE WRITTEN AS 13.2 PER CENT IN 1976 AND 12.8 PER CENT IN 1986.

DR LAM SAID HE AGREED THAT THE ESTABLISHMENT OF A CENTRAL PROVIDENT FUND WAS AN INTERNAL MATTER OF HONG KONG.

+THE MAJORITY OF HONG KONG PEOPLE ARE IN FAVOUR OF SETTING UP THE FUND. IT WILL NOT BRING ABOUT ANY DRASTIC CHANGES TO OUR SOCIETY AND THERE IS NO PROBLEM OF CONVERGENCE WITH THE BASIC LAW,+ HE SAID.

+ABOVE ALL, THERE IS AN ACTUAL NEED FOR THE SETTING UP OF SUCH A FUND WHICH WILL BRING MORE GOOD THAN HARM TO HONG KONG AS A WHOLE.+

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PENSIONS PURCHASING POWER MAINTAINED

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THE GOVERNMENT'S DECLARED POLICY IS TO MAINTAIN THE ORIGINAL PURCHASING POWER OF CIVIL SERVICE PENSIONS, THE CHIEF SECRETARY, THE HON DAVID FORD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE MOTIONS ON THE PENSIONS (INCREASE) ORDINANCE AND ON THE WIDOWS AND ORPHANS PENSION (INCREASE) ORDINANCE, MR FORD SAID THE MAINTENANCE OF THE ORIGINAL PURCHASING POWER OF CIVIL SERVICE PENSIONS WAS ACHIEVED BY PERIODIC PENSION ADJUSTMENTS IN LINE WITH MOVEMENTS IN THE CONSUMER PRICE INDEX(A).

+DURING THE LATEST REVIEW PERIOD FROM 1 APRIL 1986 TO 31 MARCH 1987, THE MOVING ANNUAL AVERAGE OF THE CONSUMER PRICE INDEX(A) ROSE BY 5.2 POINTS OR 3.23 PER CENT.+

IT WAS PROPOSED THAT A PENSION INCREASE OF THREE PER CENT SHOULD BE AWARDED WITH EFFECT FROM 1 APRIL 1987, HE SAID.

CIVIL SERVICE PENSIONS INCLUDED PENSIONS PAYABLE UNDER THE WIDOWS AND ORPHANS PENSION SCHEME AND UNDER THE WIDOWS' AND CHILDREN'S PENSIONS SCHEME.

+THE TOTAL COST OF INCREASING ALL PENSIONS BY THREE PER CENT IS ESTIMATED AT \$24.4 MILLION FOR A FULL YEAR,+ HE ADDED.

THIS WAS A STATUTORY CHARGE WHICH MAY BE AUTHORISED BY RESOLUTION OF THE COUNCIL UNDER THE APPROPRIATE ORDINANCES, MR FORD SAID.

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ADDITIONAL EX-OFFICIO MEMBER FOR CEMETERIES MANAGEMENT BOARD
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THE DIRECTOR OF REGIONAL SERVICES WILL BECOME AN ADDITIONAL EX-OFFICIO MEMBER OF THE BOARD OF MANAGEMENT OF THE CHINESE PERMANENT CEMETERIES FOLLOWING AN AMENDMENT TO THE CHINESE PERMANENT CEMETERIES ORDINANCE.

MOVING THE SECOND READING OF THE BILL, THE SECRETARY FOR DISTRICT ADMINISTRATION, THE HON DONALD LIAO, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT THE AMENDMENT WOULD ALSO ENSURE THAT THE TOTAL NUMBER OF MEMBERS OF THE BOARD REMAINED NOT LESS THAN 12 NOR MORE THAN 20.

+AT PRESENT, THE BOARD MANAGES THREE CEMETERIES LOCATED AT ABERDEEN, TSUEN WAN AND CHAI WAN.

+A NEW SITE AT JUNK BAY HAS BEEN GRANTED TO THE BOARD FOR THE DEVELOPMENT OF A NEW CEMETERY WHICH WILL COME INTO OPERATION IN 1989,+ MR LIAO SAID.

+THE DIRECTOR OF REGIONAL SERVICES IS EXPECTED TO BECOME INCREASINGLY INVOLVED IN THE BOARD'S ACTIVITIES, THEREFORE IT WAS PROPOSED THAT HE SHOULD BE MADE AN EX-OFFICIO MEMBER,+ HE ADDED.

THE SECRETARY FOR DISTRICT ADMINISTRATION IS THE EX-OFFICIO CHAIRMAN OF THE BOARD WHILE THE DIRECTOR OF BUILDINGS AND LANDS AND THE DIRECTOR OF URBAN SERVICES ARE EX-OFFICIO MEMBERS.

THE DIRECTOR OF URBAN SERVICES EXERCISES SUPERVISORY CONTROL ON BEHALF OF THE URBAN COUNCIL OVER PRIVATE CEMETERIES IN THE URBAN AREA, WHILE IN THE NEW TERRITORIES, A SIMILAR FUNCTION IS PERFORMED BY THE DIRECTOR OF REGIONAL SERVICES ON BEHALF OF THE REGIONAL COUNCIL.

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FRANCISCAN MISSIONAIRES OF MARY BILL TABLED
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A BILL WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) TO PROVIDE THE FRANCISCAN MISSIONAIRES OF MARY INCORPORATION WITH AN EXPRESS POWER TO SELL OR TO DISPOSE OF ITS PROPERTIES.

MOVING THE SECOND READING OF THE FRANCISCAN MISSIONAIRES OF MARY INCORPORATION (AMENDMENT) BILL 1987, THE HON PETER C WONG SAID THAT THE CORPORATION HELD VARIOUS PROPERTIES IN HONG KONG, ONE OF WHICH WAS NO LONGER REQUIRED.

IN ORDER TO AVOID INCURRING FURTHER COST IN MAINTAINING THE PROPERTY, THE CORPORATION HAD DECIDED THAT IT SHOULD BE DISPOSED OF.

+HOWEVER, THE PRESENT PROVISIONS OF THE PRINCIPAL ORDINANCE DO NOT INCLUDE AN EXPRESS POWER TO SELL OR DISPOSE OF PROPERTIES HELD BY THE CORPORATION,+ MR WONG NOTED.

HE SAID THE PURPOSE OF THE BILL WAS THEREFORE TO PROVIDE FOR SUCH A POWER.

THE FRANCISCAN MISSIONAIRES OF MARY IS A CORPORATION SOLELY INCORPORATED IN 1955. IN ADDITION TO THEIR MISSIONARY WORK, THE CORPORATION UNDERTAKES A NUMBER OF OTHER ACTIVITIES WHICH INCLUDE THE PROMOTION OF EDUCATION, THE RELIEF OF POVERTY AND SICKNESS, AND OTHER CHARITABLE AND SOCIAL SERVICES.

MR WONG ADDED THAT THE OPPORTUNITY HAD ALSO BEEN TAKEN TO AMEND A SPELLING ERROR IN THE NAME OF THE CORPORATION. THE INCORRECTLY SPELT +MISSIONAIRES+ WOULD BE SUBSTITUTED BY THE CORRECTLY SPELT +MISSIONARIES+.

DEBATE ON THE BILL WAS ADJOURNED.

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FS LEAVES FOR DEFENCE COSTS AGREEMENT TALKS

THE FINANCIAL SECRETARY, MR PIERS JACOBS, LEFT HONG KONG THIS EVENING (WEDNESDAY) FOR THE UNITED KINGDOM WHERE HE WILL MEET THE MINISTRY OF DEFENCE FOR PRELIMINARY DISCUSSIONS ON NEGOTIATING THE DEFENCE COSTS AGREEMENT.

A GOVERNMENT SPOKESMAN SAID THAT AS THE PRESENT DEFENCE COSTS AGREEMENT EXPIRES ON MARCH 31, 1988, IT WAS THEREFORE NECESSARY TO REACH AN AGREEMENT WITH THE MINISTRY ON THE TERMS OF A SUBSEQUENT AGREEMENT.

MR JACOBS WILL LEAD A SMALL HONG KONG TEAM IN THE TALKS WHICH INCLUDE REPRESENTATIVES FROM THE SECURITY AND FINANCE BRANCHES OF THE GOVERNMENT.

THE TALKS, WHICH ARE EXPECTED TO LAST SEVERAL DAYS, WILL START ON MAY 21 AFTER MR JACOBS COMPLETES SOME LEAVE IN THE UK. SUBSEQUENT ROUNDS OF TALKS WILL BE HELD IN LONDON AND HONG KONG.

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TAI HANG TUNG STORAGE SITE TO LET

A STORAGE SITE AT TAI HANG TUNG, KOWLOON, IS TO BE LET ON SHORT-TERM TENANCY BY THE BUILDINGS AND LANDS DEPARTMENT.

MEASURING ABOUT 4 000 SQUARE METRES AND SITUATED BETWEEN TAT CHEE AVENUE AND TO YUEN STREET, THE SITE IS FOR STORING GOODS OR PARKING, INCLUDING BUSES, COACHES AND MINI-BUSES, BUT NOT PRIVATE CARS AND GOODS VEHICLES.

THE TENANCY IS FOR SIX MONTHS, RENEWABLE MONTHLY AFTERWARDS. TENDERS MUST BE SUBMITTED BY NOON ON MAY 29.

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PRESS VISIT
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THE MARINE DEPARTMENT WILL ORGANISE A PRESS VISIT AT 2 PM ON FRIDAY (MAY 15) TO SEE THE CONSTRUCTION OF TWO GOVERNMENT VESSELS UNDER THE SUPERVISION OF THE GOVERNMENT NEW CONSTRUCTION SECTION OF THE DEPARTMENT.

MEDIA REPRESENTATIVES ARE INVITED TO ATTEND.

NOTE TO EDITORS:

MEDIA REPRESENTATIVES WHO WISH TO COVER THE VISIT ARE REQUESTED TO ARRIVE AT ROOM 2126, 21/F., HARBOUR BUILDING, 38 PIER ROAD, CENTRAL AT 1.50 PM ON MAY 15 (FRIDAY). A BRIEFING ON THE WORK OF THE GOVERNMENT NEW CONSTRUCTION SECTION WILL BE GIVEN BY MARINE DEPARTMENT OFFICIALS.

THE PRESS PARTY WILL THEN BE TAKEN BY LAUNCHES TO TAKE PHOTOGRAPHS OF THE TWO GOVERNMENT VESSELS WHICH ARE UNDER CONSTRUCTION AT THE HONG KONG SHIPYARD.

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TRAFFIC CHANGES IN MONG KOK, TUEN MUN
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THE SECTION OF BOUNDARY STREET BETWEEN YU CHAU STREET AND PORTLAND STREET WILL BE RE-ROUTED FROM TWO-WAY TRAFFIC TO ONE-WAY EASTBOUND TO IMPROVE TRAFFIC CIRCULATION FROM 10 AM ON FRIDAY (MAY 15).

AT THE SAME TIME, THE 7 AM TO 10 AM AND 4 PM TO 7 PM DAILY RESTRICTED ZONE ON TSING WUN ROAD FROM ITS JUNCTION WITH PUI TO ROAD TO A POINT ABOUT 400 METRES SOUTH OF THE SAME JUNCTION WILL BE EXTENDED FOR ABOUT 500 METRES SOUTHWARD TO ITS JUNCTION WITH LUNG MUN ROAD.

NO VEHICLE WILL BE ALLOWED TO STOP FOR PASSENGERS OR GOODS WITHIN THE RESTRICTED AREA.

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