# DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL.: 842 8777

**Wednesday, March 8, 1995**

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## Task Force to be set up following LegCo nod on MPF

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The Deputy to the Governor, Mrs Anson Chan, welcomed the decisive vote in the Legislative Council this (Wednesday) evening urging the Government to introduce as expeditiously as possible a mandatory, privately managed occupational retirement protection system (MPF) with provision for the preservation and portability of benefits.

"With this clear support, the Government will now set up a dedicated task force to work on the details of such a scheme," Mrs Chan said.

A consultant will also be engaged to advise on the technical aspects and will be required to submit an initial report before the end of April.

Speaking to media representatives after the Legislative Council had passed by a majority the Government's motion for the establishment of the MPF, Mrs Chan said that the Government would now inform the Chinese side of the result of today's motion debate and hoped to be able to discuss the proposed scheme with them as soon as possible.

"The Government will do its very best to put the primary legislation to LegCo before the end of the current session," she said.

End/Wednesday, March 8, 1995

## Transcript of media session by Deputy to the Governor

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Following is the transcript of the media session by the Deputy to the Governor, Mrs Anson Chan, after a motion debate on retirement protection in the Legislative Council today (Wednesday):

Mrs Chan: This has been a long but important debate on a very complex subject, that is, how to provide for retirement protection for the elderly in our community. We very much welcome the decisive votes in favour of a mandatory privately operated retirement protection system. With the clear support from Legislative Councillors this afternoon, the Government will now proceed speedily to set up a task force in order to examine further the details of a proposed mandatory privately operated retirement system. We will be engaging consultants and will require the consultants to submit preliminary report by the end of April. It would be our aim to try and set up this scheme as soon as possible and with this objective in mind, we would also hope to be in a position to put primary legislation before the Legislative Council before the end of the current legislative session. As to the details, I think that the main features of such a scheme have already been outlined by the Secretary for Education and Manpower, so I won't elaborate on those further. There will clearly be further details and in particular we'll need to address the concerns that have been expressed by individual members during the debate this afternoon. All these concerns will be taken on board and we will be consulting with the consultants and also with the insurance industry.

Question: Can you tell us when do you plan to consult China ?

Mrs Chan: We will be notifying the Chinese side after this afternoon's motion debate. We hope to be able to discuss the proposed scheme with the main features as outlined in this afternoon's debate with the Chinese side as soon as possible, because clearly we will need Chinese support if the scheme is to get off the ground as soon as possible.

Question: Will submitting the legislation to LegCo be subject to Chinese approval?

Mrs Chan: I would very much hope that as a basis of our discussion with the Chinese that there will be sufficient support from the Chinese for draft legislation to be put before the Legislative Council. I think the Chinese side much be equally concerned as the Hong Kong Administration about the growing number of elderly people in our community and would wish to see a sensible, practical and pragmatic scheme set up as soon as possible to address the financial security needs of growing number of elderly people in our community.

End/Wednesday, March 8, 1995

Land sales likely to bring $13.8 billion

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Land sales by auction and tender this financial year (1994/95) is likely to generate a revenue of about $13.8 billion, compared to last year's $18.3 billion.

Speaking before the Rotary Club of Kowloon Golden Mile today (Wednesday), the Director of Lands, Mr Bob Pope, said this shortfall in revenue was mainly due to the large number of sales (13) being conducted in March.

"However, this will result in a very large carry forward of revenue in the early part of 1995/96 as the balance of the premium paid at the auctions will be payable in April," Mr Pope said.

Mr Pope also said the revenue from lease modifications and exchanges for 1994/95 was likely to be around $12 billion, which was close to the previous year's estimate.

"Revenue from all sources, including private treaty grants in 1994/95, will be around $29 billion, and for 1995/96 is estimated to be $37 billion, which is 11 per cent of Government's revenue and this will be shared equally, after deducting the cost of land production, with the future SAR Government land fund," Mr Pope added.

Mr Pope also spoke on the work of the Task Force on Land Supply and Property Prices to help control skyrocketing prices.

"The Task Force imposed certain measures through the Consent Scheme administered by my department to dampen speculation.

"It also identified sites to increase the supply of new land in order to provide additional 45,000 - 60,000 flats over the next six years.

"These measures have brought order into the chaos that previously existed and have brought property prices down by about 20 per cent," Mr Pope added.

Mr Pope also noted that land disposal in Hong Kong was limited under Annex III of the Joint Declaration to 50 hectares (ha) per year, unless otherwise agreed by the Sino-British Land Commission.

"Each year, the circumstances are reviewed and the Land Commission has consistently agreed to dispose of more than 50 ha per year.

"The land disposal programme agreed by the Land Commission this year (1994/95) was originally 117 ha and as you know, they recently agreed to adjust the 1994/95 Land Disposal Programme to provide a further 1,293.46 ha.

"This is made up of 1,248 ha for the new airport, 30 ha for the Airport Railway Depot, 7.52 ha for development above Tai Kok Tsui and Tung Chung Railway Station and 7.94 ha for land for Home Ownership and Sandwich Class Housing Schemes.

"These developments will produce about 8,000 additional flats which on top of the 2,000 flats from additional sites earmarked for public housing, will produce the additional 10,000 flats identified by the Task Force on Land Supply and Property Prices," Mr Pope said.

End/Wednesday, March 8, 1995

## 98 Vietnamese migrants depart on orderly repatriation flight

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A group of 98 Vietnamese migrants returned to Vietnam today (Wednesday) on the 21st flight under the Orderly Repatriation Programme.

All the returnees, comprising 36 men, 26 women, 17 boys and 19 girls, were from High Island Detention Centre. The oldest was 56 years old and the youngest six months old.

Most of them arrived in Hong Kong in 1989 with a small number coming to the territory in 1988, 1990 and 1991.

The group brought to 1,187 the total number repatriated under the programme since it started in November 1991.

The returnees were transported to the airport early this morning for pre-departure security checks before boarding their flight for Hanoi.

The Refugee Co-ordinator, Mr Brian Bresnihan, stressed that the Government was determined to repatriate all screened-out Vietnamese migrants to Vietnam.

"There is no future for them in Hong Kong and the best option for them is to volunteer to go back to Vietnam," he said.

End/Wednesday, March 8, 1995

Monitors' report on Vietnamese repatriation submitted to CS

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The monitors appointed to observe the Vietnamese Orderly Repatriation Programme operation today (Wednesday) have submitted their report to the Chief Secretary.

The two monitors, Mr Charles Cheung Wai-bun, a Justice of the Peace, and Dr Jaime Bendeck from Medecins Sans Frontieres, observed the transfer of 97 Vietnamese migrants from Victoria Prison to the airport this morning.

They also observed this group of Vietnamese migrants, and a woman who was transferred from a hospital to the airport direct, boarding the plane.

The monitors commented that the operation was efficient and orderly and that no violence was observed.

End/Wednesday, March 8, 1995

Lockers provided for primary students

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The Deputy Director of Education, Miss Elaine Chung, today (Wednesday) visited an aided primary school in Mong Kok to see for herself how the provision of lockers can help alleviate the problem caused by overweight school bags.

The school is one of the first batch of Government and aided primary schools provided with a total of 50,022 lockers in January and February this year.

It is expected that the second batch of another 180,000 lockers will be installed later this year and in 1996.

While touring the school, Miss Chung exchanged views with the school headmaster and teachers on school bag problem and management of lockers.

Miss Chung was impressed by the innovative ideas of the school administration in the installation of lockers. They were installed in classrooms instead of in the corridors. And each locker was shared by a pair of students.

"Such arrangement has the effect of space saving," she said.

She also praised the school administration for adding new device to the lockers to resolve the problem of losing locker keys.

The Education Department has issued guidelines listing the measures and safety precautions to be observed by schools to ensure the proper use of lockers.

Besides installing lockers, the department has also held discussions with publishers on measures to reduce the weight of textbooks.

Miss Chung was happy to see that the provision of lockers for students could be materialised in such a short time.

She appealed to parents and students to pack their school bags every day according to the timetable and to use light and secure satchels.

End/Wednesday, March 8, 1995

## HK needs broad education system

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Mrs Patten congratulated the English Schools Foundation on their commitment and professionalism in providing all-round education for students.

The international schools offered to students a relaxed and stimulating atmosphere, with a broad curriculum and equal emphasis on a wide range of extra-curricular activities.

At the opening ceremony of its sixth art exhibition today (Wednesday), she said: "This helps not only their intellectual and social development but brings out the creativity all children are born with."

Hong Kong needs a broad education system where each student is helped to achieve not just their personal best in academic subjects but also in other areas such as arts, music and literature.

"This art exhibition is a good example of their philosophy put into practice," she said.

Mrs Patten encouraged the young artists to continue to develop their potential, and expressed her gratitude to the teachers for their hard work.

End/Wednesday, March 8, 1995

## Ancient artefacts put on display

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Members of the public interested in archaeology will have a chance to see for themselves a wide range of heritage items discovered in Hong Kong in the past five years at an exhibition, starting from Friday (March 10).

The exhibition will be held at the Antiquities and Monuments Office (AMO) in Tsim Sha Tsui.

An amazing mass of archaeological data which will enable the public to reinterpret the everyday life and achievements of the early inhabitants of Hong Kong will also be put on display.

Entitled "Rescuing Our Archaeological Past - Major Discoveries Since 1989", the event coincides with the launching of the five-day Conference on Archaeology in Southeast Asia, organised by the University of Hong Kong's Museum and Art Gallery with the assistance of AMO.

The Chairman of the Antiquities Advisory Board, Mr David Lung, will open the exhibition. The Secretary for Recreation and Culture, Mr James So, will present certificates of merit to six local organisations in recognition of their help in the preservation of antiquities and monuments.

They are the Provisional Airport Authority, Sun Hung Kai Real Estate Agency Ltd, the Land Development Corporation, China Light and Power Co Ltd, Proper Trip Development Ltd and Cheuk Fan Enterprise Ltd.

The exhibition will be open to the public during office hours until the end of July.

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Attention News Editors:

You are invited to cover the opening ceremony and attend a preview of the exhibition which will take place at the Antiquities and Monuments Office, 136 Nathan Road, Tsim Sha Tsui, at 5.15 pm tomorrow (Thursday).

End/Wednesday, March 8, 1995

Hong Kong Monetary Authority money market operations

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| | $ million | Time (hours) | Cumulative change ($million) |
|---|---|---|---|
| Opening balance in the account | 1,524 | 0930 | +1,166 |
| Closing balance in the account | 2,131 | 1000 | +1,166 |
| Change attributable to : | | 1100 | +1,224 |
| Money market activity | +1,153 | 1200 | +1,225 |
| LAF today | -546 | 1500 | +1,175 |
| | | 1600 | +1,153 |

LAF rate 4.25% bid/6.25% offer TWI 117.7 *-1.1* 8.3.95

Hong Kong Monetary Authority

| EF bills | | EF notes/Hong Kong Government bonds | | | | |
|---|---|---|---|---|---|---|
| Terms | Yield | Term | Issue | Coupon | Price | Yield |
| 1 week | 5.20 | 15 months | 2605 | 6.35 | 99.67 | 6.74 |
| 1 month | 5.32 | 24 months | 2702 | 7.50 | 100.79 | 7.18 |
| 3 months | 5.90 | 29 months | 3707 | 6.95 | 99.48 | 7.31 |
| 6 months | 6.26 | 35 months | 3801 | 8.00 | 101.47 | 7.56 |
| 12 months | 6.64 | 58 months | 5912 | 8.15 | 100.85 | 8.09 |

Total turnover of bills and bonds - $24,004 million

Closed March 8, 1995

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**SUPPLEMENT**

**Wednesday, March 8, 1995**

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SEM on shelving of Old Age Pension Scheme

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Following is a speech by the Secretary for Education and Manpower, Mr Michael Leung, on the motion debate on shelving of the Old Age Pension Scheme in the Legislative Council:

Mr President,

I will focus my response on Mr Yeung Sum's first part motion, my colleague, 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 on RPS or an OPS or as we have just agreed an MPF. It must be a system which is practicable, affordable, and sustainable. 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 I am, as I said, I could not assist them in this respect. It is a matter of the past. We cannot turn the clock back.

What I spoke in this Council on 9 November 1994, I assured Members that we would consider the more than six thousand submissions on the OPS with great care and with an open mind. At the same time, I said that Government would implement the OPS subject to, among other things, endorsement by the community of our proposals as we put them. This we had made clear as far back as December 1993 when the proposal for 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 those offers, 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 both 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, to a CPF in addition, and for a wide range of amendments to some of the basic principles of the scheme. To follow that these qualifications and amendments in changes as some Members have alleged to be perhaps only a very minor, would have changed the OPS as original designed beyond recognition. This was not the kind of support we are 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 claim 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 the pension from 65 to 60, arguing that 60 was 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 had recommended. We 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 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 evenings.

Some Members have claimed that Government manipulated the number of submissions of 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 other 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 the 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 organisations 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 claim 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 at public meetings, seminars and talk-shows, both formal and informal. My colleagues in 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 would 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 other public meetings, writing to newspapers, or calling up phone-in programmes. While we have focused on the number of written submissions we 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 yet even suggested that we should have put the OPS to this Council in any case, regardless of any support. This would 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 other's 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 what 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 has not been forthcoming. I refute entirely any suggestions that we have manipulated or ignored public opinions 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. Early this evening Members have already passed the motion urging the Government to introduce as expeditiously as possible a mandatory publicly managed occupational retirement system. We will proceed with the consultancy on the MPF immediately. Implementation of the OPS in addition to the MPF would be totally unacceptable and will place 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 both the Motion and the Amendment. I urge Members to do so.

End/Wednesday, March 8, 1995

LegCo adopts Govt motion on MPF

* * * * *

The Legislative Council today (Wednesday) passed a Government motion for the establishment of a mandatory, privately managed occupational retirement protection system (MPF) with provision for the preservation and portability of benefits.

The proposed MPF will include the following main features:

* it would be mandatory for every employer to establish a retirement scheme for his employees under the age of 65
* it would be a joint contribution scheme by employees and employers
* there would be a statutory minimum contribution, of which the employer should pay half
* there would be a minimum salary level, below which an employee might elect not to participate in a scheme
* there would be a maximum salary level above which statutory contributions would not be required

* 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
* there will be enhancement of regulatory controls over the operation of registered occupational retirement schemes, and the prudential supervision of scheme administrators and pooled retirement schemes
* a system would be developed to deal with benefit losses due to fraud or misfeasance of scheme administrators
* a residual pool scheme would be developed to provide coverage for employers unable to find a scheme provider in the open market

Moving the motion, the Secretary for Education and Manpower, Mr Michael Leung, said a system to compensate for losses brought about by unlawful activity would be developed in collaboration with the insurance and fund management industries.

"Such a system could be in the form of a retrospective levy, of a compensation fund, or some other means," he added.

He stressed the Government would in no circumstances consider providing what would in effect be a taxpayers' guarantee against investment losses as to do so would serve only to encourage aggressive or unscrupulous fund management.

But the Government will examine how to minimise 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.

These will be in addition to existing safeguards already provided under the Occupational Retirement Schemes Ordinance which requires all such schemes to be funded properly and their assets to be maintained separately from those of the employer.

The ordinance also requires the assets of a retirement scheme to be used only for the purposes of the scheme while its financial position must be subject to the annual scrutiny of an independent auditor.

Under the ordinance, assets of retirement funds held under trust belong to the trustee and not to the fund manager and, therefore, will be recovered in the event a fund manager goes bankrupt.

On the provision for the low-income group to opt out of the scheme, Mr Leung said it recognised the fact that the contribution might cause them financial hardship.

Refuting criticism that the MPF would not take care of those at the lower end of the economic ladder, he said it would provide a degree of income security upon retirement even to those employees who might not expect to participate in a voluntary occupation retirement scheme in the near future.

"It will also allow them to participate in an investment scheme where their contributions would be pooled together to yield a better return," he added.

Turning to the issue of preservation and portability of benefits, Mr Leung said that when an employee changed jobs, the accrued balance would be transferred from the scheme of the former employer to that of the new employer and the process would be repeated upon every change of job.

The retirement benefit payment would be made by the scheme of the last employer prior to retirement.

Mr Leung said the question of portability would be examined very carefully by a consultant.

On the question of how the MPF will relate to Long Service Payments (LSP) and Severance Payments (SP), he noted that off-setting provision already existed under the present voluntary system of occupational retirement schemes.

This is because SP and LSP are not designed as supplementary retirement schemes but are intended to be alternatives to these 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." Mr Leung said.

The Secretary also categorically ruled out the possibility of a Central Provident Fund, saying it was not an option for Hong Kong.

"A CPF cannot work without Government funding, and this most definitely will not be forthcoming," he stressed.

Mr Leung also recalled the Government's attempts in the past three years to provide income security for the elderly.

In October 1992, the Government released the consultation paper "A Community-wide Retirement Protection System" which proposed a mandatory, contributory retirement protection system for all full-time employees under the age of 65.

The proposed system found little public support in the absence of a guarantee mechanism to deal with benefit losses and because it would not help those outside the workforce.

Taking heed of these points, the Government in July last year published a second consultation paper entitled "An Old Age Pension Scheme for Hong Kong."

The scheme 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.

At the end of a three-month consultation period, there was no clear public consensus for the scheme to proceed.

"We had to decide where to go next," Mr Leung said, noting that there were suggestions for the Government to maintain the status quo and to continue to encourage the establishment of occupational retirement schemes on a voluntary basis.

But he said the Government did not think it should follow this road as there would still be many employees, particularly in smaller businesses, who would be without retirement protection for the foreseeable future.

"Having analysed the submissions on the Old Age Pension Scheme and following nearly 30 meetings with Legislative Councillors, trade union leaders and representatives of the business community, the Government proposed the MPF which has won majority support from the Legislative Council today," Mr Leung said.

End/Wednesday, March 8, 1995

Shelving of Old Age Pension Scheme - SHW

* * * * *

Following is the speech by Secretary for Health and Welfare, Mrs Katherine Fok, in the motion debate on shelving of the Old Age Pension Scheme in the Legislative Council:

Mr President,

Both the Motion moved by Dr Yeung Sum and the amendment put by Dr K C Lam urge the Administration to increase Comprehensive Social Security Assistance (CSSA) payments for the elderly to $2,500 per month with immediate effect.

As I said in the debate on the Government's 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 3 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 difficulties 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 their 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 diet. 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 etc, say another $100. All these add 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 e.g. 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.

End/Wednesday, March 8, 1995

SEM's closing speech on retirement protection

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Following is the closing speech by the Secretary for Education and Manpower, Mr Michael Leung, in the motion debate on retirement protection in the Legislative Council today (Wednesday):

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 with your indulgence because it is important that the motion I propose must proceed unamended if the intention is to set up the MPF within the time frame which I describe in my speech. With the amendments as proposed will be unacceptable to Government and the reasons mentioned by myself and the Secretary for Health and Welfare, so I would try to answer all the points raised this afternoon by Members on why in fact it is important that the Government 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 numbers of points on previous occasions. First of all, on the debate in November last year, I think as a matter of record in the hansards as Members admit 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 all qualifications, qualifications as so fundamental as to affect the concept, the basic concept of the OPS as presented by Government. For examples, many Members raised the question of Government contribution, tripartite funding, this changes fundamentally the nature of the OPS as we proposed, therefore it is not a support of the OPS as we sought.

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 this to this Council?

And thirdly, many who spoke, so call in support of the OPS also wanted to have the old age allowance increase as well, so Mr President, how can we say those that who spoke allegedly in support of the OPS are really in support? None of them, none of them except Mr McGregor, gave us the wholehearted support on the OPS without qualifications. This is a matter of record and Members can read the hansard for themselves on 9th November 1994.

Secondly, Mr President, on the point raised by one Member allegedly referring to my "previous colleagues" 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 '92 paper. All he said against those points in the RPS were the '92 paper on the particular system. It was not, it was not as stressed, relevant to the MPF which I now outline this afternoon, they are different things. Let me explain why they are different. Members, of course, mentioned also the need to get the wire report in 1993 on the RPS system. Again they are different systems and I would explain why they are different.

I am very surprised in fact that Mr Michael Ho is trying to distort things and trying to pull wool over our eyes to say that we are now trying to hide the RPS reports from Members because it 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 the concept of preservation of benefits without portability. In that when an employee change job, it 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 a retirement scheme in the open market for that employee. There was no provision for any scheme to deal with benefit losses caused by fraud or theft. Let me ask you, is it the same as the MPF which I have just outlined? All these features are different from this present scheme which I outlined. How can they be relevant to present scheme? We are not asking Members to endorse an RPS or even amended version of it, we have since moved on. As Members would be aware from information which we gave them earlier on before this debate. And today this afternoon the MPF would differ from the RPS in many respects.

First of all, it would 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 contributing purposes to recognise that those on low incomes may find it difficult to make a contribution. Thirdly, there would be a scheme provision for a scheme to deal with benefit losses due to fraud or theft. And fourthly, we would not be allowing preservation without portability. We want both, preservation and portability in the MPS system, is not the same as the RPS.

As we recognise the concern expressed over this issue, in consumption with the previous consultation on the RPS in 1992. In short, the two systems are totally different, it is totally irrelevant to quote with that one as the arguments against the MPS. Let me go on 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 an exempt scheme. These concepts are not relevant, not applicable to our discussions on the MPF or the principle 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, improvements of the old features and can adjust the need of the people at this point in time. I am sure Members would 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 old age allowances plus everything. I am sorry it's too late to change their minds now. It's on record and the public know that they have not supported that the OPS as presented. They can't change their minds now or correct the record. I am so sorry for them. But that is the fact, Mr President, it's on record and hansards. You can't change it now, you can't deceive the public.

Coming back to the MPF as we presented this afternoon, I like to respond a number of points on those Members who spoke in support which I am fully appreciative. On the number of points of details, 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 Schemes Ordinance (ORSO) requires scheme assets to be maintained separately from those of the employer, and to be held by independent trustees or authorised insurers. It also imposes restrictions on the investment 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, i.e. trustees and authorised 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 the 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 a scheme are entitled to have access to information about the assets of their scheme.

Authorised insurers and registered trust companies which manage retirement schemes are subject to supervision by the authorities. Insurers are required to observe the 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 recognise 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 would encourage the sort of aggressive and unscrupulous fund management we must avoid.

I would like to, perhaps, address some Members' concern about Government's role in this, and Government's contributions. I am very pleased Members did remind us of our responsibility in this respect, and I am pleased to say that 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 have 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 where 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 Payment (LSP), Severance Payment (SP) and the MPF. Members will be aware that these were designed at a time when there was very 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 Payment or Long Service Payment. 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 statutory schemes. Again this is an area we will have to need to find our consultants to look at the technical points in more detail and come back quickly with answers to these impact on these problems.

I take Members' points that the MPF will be, as they said, meaningless without 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 time-frame, and we may expect contributors to benefit accordingly.

It is also possible that the very significant funds that will be accumulated under the MPF schemes will be accumulated and if these 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 to ensure that the advice 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 for 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 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 investments 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 a point expressed concern over the effect of retrospective preservation. Scheme participants are, of course, free to terminate an existing scheme anytime they want to, in accordance to the bad terms of the scheme. But most, I'm sure, will realise that it is usually through long-term investments that any pension fund scheme will bring the maximum benefits and they will not easily trade world-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 would be provided for employers and employees to comply with the MPF requirements all to wind up their schemes. There is no reason therefore to assume that it will take collective action to wind up all at the same time.

Mr President, today we have reached a mile-stone in our long road towards establishing a retirement system for Hong Kong. The result 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 as not 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 a primary legislation. The time-frame we try to get an 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, is a tall order for the Government is prepared to take up this challenge and respond to Members' concern and the community's concern on this matter. And we hope Members can approve the motion unamended and make sure we have these mandate from Council to proceed as I recommended.

Thank you.

End/Wednesday, March 8, 1995

SHW speaks on retirement protection

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Following is the speech by the Secretary for Health and Welfare, Mrs Katherine Fok, on the amendment moved by the Hon Jimmy McGregor, to the motion moved by the Secretary for Education and Manpower, Mr Michael Leung, on "Retirement Protection" in the Legislative Council today (Wednesday):

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 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 Allowances e.g. 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 salaries 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 3 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 parent 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 recognises 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.

End/Wednesday, March 8, 1995

SEM on retirement protection

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Following is the speech by the Secretary for Education and Manpower, Mr Michael Leung, in the motion debate on "Retirement Protection" in the Legislative Council today (Wednesday):

Mr President,

I move the motion standing in 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 560,000 people over the age of 65. This number will rise to about 1,000,000 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, though, that 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.

The RPS

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 protection system for all employees under the age of 65 in full time employment. The proposed system found little support within the community. The main areas of concern included the absence of a guarantee 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.

The OPS

We took heed of these points, in particular the apparent concern about the absence of coverage for those elderly people outside the workforce or who had already retired. In December 1993, as Members will recall, I announced in this Council that we would implement an 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 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 recall that 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. Let me remind Members that the vote in favour of an amended motion which called upon Government to seriously consider the views expressed by the public on various retirement schemes, including the OPS, was passed by a majority of 28 votes to 3.

We have to face reality. We had sought public endorsement of the OPS, but public views were divided. There was little support from 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 road 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 October 1992 consultation paper on retirement protection, and the divided views on the OPS, then 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 realised 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.

The MPF

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 with representatives of the business community, we have gained the impression that the introduction of what we call a mandatory, privately-managed provident fund system (MPF) would be regarded as a practicable 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 a 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 will be 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 would be developed to deal with benefit losses due to fraud or misfeasance of scheme administrators; and
9) a residual pool scheme would be developed to provide coverage for those employers unable to find a scheme provider in the open market.

Scheme to deal with benefit losses

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 emphasise first of all that the Occupational Retirement Schemes Ordinance (ORSO) 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 trustee and not to the fund manager and therefore would be recovered in the event of a fund manager going bankrupt.

Nevertheless, we do recognise the fact that in a situation where contributions are mandatory, then we should strengthen the regulation of fund managers and our system of prudential supervision. This we will do. Our role is to minimise 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, of 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 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 investments decisions made either by contributors in their selection of schemes or by fund managers or investment consultants in the private sector would be fool-hardy. It would 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 minimise 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 minimum salary level. This recognises that for some of those earning below a minimum level, which could be set at say about $4000 a month, the contribution might cause financial hardship. 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 would 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 realise there are going to be some who for one reason or another are unable to do so. This may 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 would 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 on. It is simply an alternative means of providing retirement protection essentially for those who are unable 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 continued.

Benefit level

Let me deal now 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 LSP and SP

I shall now turn to the question of how the MPF will relate to the provision for Long Service Payments (LSP) and Severance Payments (SP) 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 SP or LSP. Employers do not pay twice. SP and LSP are not designed as supplementary retirement schemes - they are intended to be alternatives to these retirement schemes. That is why the off-setting provision exists 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 protection 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 the principle of benefit preservation. Upon change of job, the accumulated balance would be transferred from the scheme of the former employer to that of the new employer. This process would be repeated each time the employee changed job. The retirement benefit payment would 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.

CPF

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 would 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, 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 together 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.

End/Wednesday, March 8, 1995

Proposed increase in Old Age Allowances poses intolerable burden on taxpayers

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To provide retirement protection for all over the age of 65 by raising Old Age Allowances to the $2,300 per month level would place an intolerable burden on taxpayers, the Secretary for Health and Welfare, Mrs Katherine Fok, said.

Speaking on the amendment moved by the Hon Jimmy McGregor to the Government's motion on retirement protection at the Legislative Council today (Wednesday), Mrs Fok said 133,000 persons aged between the ages of 65 and 69 receiving the normal allowance in 1994/95 were paid $485 per month and 287,000 aged 70 years and over were paid the higher allowance of $550 per month.

Even at these levels, she said, the full year cost for 1994/95 was nearly $2.5 billion which is more than the $2.2 billion spent on Comprehensive Social Security Assistance (CSSA) payments in the same period for those over 60 years of age.

Mrs Fok said: "Assuming that the take-up rate of the allowance, if significantly increased as proposed, would rise to 85 per cent, 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 to all at or above 65 years of age, whether rich or poor.

Mrs Fok did not believe that the community would support such a move.

In her opinion, those who would benefit from retirement protection should, together with their employers, be obliged to contribute if they could afford to do so.

"This reduces or eliminates the burden on the general taxpayer," she said.

"This is vitally important consideration when we have an ageing population in which the number of elderly beneficiaries per salaries taxpayer is expected to continue to grow."

As regards CSSA, the Secretary pointed out that as from next month, the average monthly payment to a single elderly person would be about $2,700.

The new rates for the single elderly which will come into effect in April will mark a 26 per cent increase in real terms, over and above inflation, compared with the level being paid three years ago.

"It cannot be said that we have been neglecting these payments," she stressed.

Mrs Fok said the Government was conducting a Review of the CSSA system and payment rates, the outcome of which would be available in early 1996.

"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," said Mrs Fok.

While appreciating the spirit behind Mr McGregor's amendment, Mrs Fok stressed that the Administration must have regard to what the taxpayer could 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," Mrs Fok stated.

End/Wednesday, March 8, 1995

Rehousing policy for occupants of unauthorised rooftop structures

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Following is the speech by the Secretary for Housing, Mr Dominic Wong, in the Legislative Council motion debate on clearance and rehousing of rooftop structure occupants today (Wednesday):

Mr President,

I shall speak on the rehousing policy for occupants of unauthorised 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 unauthorised 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 rooftop occupants and squatters on government land, despite the conduct of an occupancy survey of squatters in 1985. In every demolition exercise, 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 have been told that to do so will lead to accusations of "queue jumping", which is unfair to those eligible households 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.

End/Wednesday, March 8, 1995

Motion debate on rehousing of rooftop structure occupants

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Following is the speech by the Deputy Secretary for Planning, Environment and Lands, Mr Canice Mak, in the motion debate on rehousing of rooftop structure occupants in the Legislative Council today (Wednesday):

Mr President,

The Secretary for Housing has spoken about the rehousing of the clearees. I will concentrate on the clearance of unauthorised rooftop structures and the proposal to conduct a territory-wide occupation 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 unauthorised 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.

Government's prime concern is safety, not just the safety of 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 unauthorised 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 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 occupation 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. This tends 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 unauthorised 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 have also been reminded to ask purchasers to employ professional surveyors to check the property against approved building plans where there is reason to suspect unauthorised structures exist. We will consider whether anything further need 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 occupation 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 minimise 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 unauthorised 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 occupation 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 occupation 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.

End/Wednesday, March 8, 1995

Gas Safety (Amendment) Bill 1995

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Following is the speech by the Acting Secretary for Economic Services, Mrs Elizabeth Bosher, when moving the second reading of the Gas Safety (Amendment) Bill 1995 in the Legislative Council today (Wednesday):

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 6 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 minimise the potential for such hazards. I therefore commend the Bill to members.

End/Wednesday, March 8, 1995

## Credit Unions (Amendment) Bill 1995

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Following is the speech by the Acting Secretary for Economic Services, Mrs Elizabeth Bosher, when moving the second reading of the Credit Unions (Amendment) Bill 1995 in the Legislative Council today (Wednesday):

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.

End/Wednesday, March 8, 1995

## Tai Lam Tunnel and Yuen Long Approach Road Bill

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Following is the speech by the Secretary for Transport, Mr Haider Barma, in moving the second reading of the Tai Lam Tunnel and Yuen Long Approach Road Bill in the Legislative Council today (Wednesday):

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 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-3 lane facility about 10 km in length, linking Ting Kau Bridge in the south and the 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 NT, 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 up to 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 it will allow further development in the North West NT.

The Proposed Franchise

Our proposal is to implement this project under the terms of a "Build, Operate and Transfer" franchise. This is in line with the Government's policy of optimising 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 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 be only 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 provide the Company the opportunity to earn revenues over the 30 year life of the franchise 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 or 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 by-laws 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.

End/Wednesday, March 8, 1995

## Funds sought for government services

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Following is the speech by the Secretary for the Treasury, Mr Donald Tsang, in moving the Vote on Account Resolution in the Legislative Council today (Wednesday):

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 April 1, 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 authorising 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 April 1, 1995.

Mr President, I beg to move.

End/Wednesday, March 8, 1995

Council for Academic Accreditation's report tabled

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Following is the speech by the Secretary for Education and Manpower, Mr Michael Leung, in presenting the Hong Kong Council for Academic Accreditation's Annual Report 1993-94 in the Legislative Council today (Wednesday):

Mr President,

I have pleasure in presenting the Hong Kong Council for Academic Accreditation's 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 Government, other organisations 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 latest 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 Council has expanded its advisory role and during the year provided information and advice on higher education, quality assurance and standards to Government, other organisations 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 Council continued its overseas liaison activities. During the year the Council continued to strengthen its links with higher education organisations and individuals outside Hong Kong, including the PRC and Taiwan. The HKCAA continued to administer the International Network for Quality Assurance Agencies in Higher Education whose membership numbered 70 organisations 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 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 Council for their outstanding services made during the year and their continued contributions to the development of higher education in Hong Kong during the year.

End/Wednesday, March 8, 1995

Provision of CAT scanners

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Following is a question by the Hon Frederick Fung Kin-kee and a reply by the Secretary for Health and Welfare, Mrs Katherine Fok, in the Legislative Council today (Wednesday):

Question:

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?

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 prioritised according to their need and the waiting time for treatment for eighty per cent of such cases is within four weeks. This will be reduced further with a 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.

End/Wednesday, March 8, 1995

Review of urban renewal policy

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Following is a question by the Hon Albert Chan Wai-yip and a reply by the Deputy Secretary for Planning, Environment and Lands, Mr Canice Mak, in the Legislative Council today (Wednesday):

Question:

Two motions were passed by this Council in the 1991-92 and 1993-94 sessions, urging the Government 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?

Answer:

Mr President,

We will shortly be consulting Members of this Council, through the Planning, 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.

End/Wednesday, March 8, 1995

Promotion of franchised business operations

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Following is a question by the Hon Huang Chen-ya and a reply by the Secretary for Trade and Industry, Mr T H Chau, in the Legislative Council today (Wednesday):

Question:

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?

Answer:

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.

End/Wednesday, March 8, 1995

Border crossing points

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Following is a question by the Hon James Tien Pei-chun and a reply by the Secretary for Transport, Mr Haider Barma, in the Legislative Council today (Wednesday):

Question:

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 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?

Reply:

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 9 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 Coordinating 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 the North West 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 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 the 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 this year at the three crossing points to speed up the checking of drivers' identity papers.

End/Wednesday, March 8, 1995

## Drug abuse in Pillar Point Vietnamese Refugee Centre

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Following is a question by the Hon Zachary Wong Wai- yin and a reply by the Acting Secretary for Security, Mr Ken Woodhouse, in the Legislative Council today (Wednesday):

Question :

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 the chance of those detainees who are addicted to drugs resettling overseas will be affected; if so, what measures the Government will adopt to solve this problem?

Reply :

Mr President,

(a) It is estimated that about 450, out of the 1,500 registered population of refugees living in 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 the 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, all refugees will be resettled overseas. The United Nations High Commissioner for Refugees 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 United Nations High Commissioner for Refugees arranges for their detoxification before departure. At a Technical Meeting convened by the United Nations High Commissioner for Refugees 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.

End/Wednesday, March 8, 1995

## Use of ICE not a trend

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Following is a question by the Hon Timothy Ha Wing-ho and a written reply by the acting Secretary for Security, Mr Ken Woodhouse, in the Legislative Council today (Wednesday):

Question:

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?

Reply :

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 South East 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 abusing amphetamines | 26 | 44 | 50 above |
| (% 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.

End/Wednesday, March 8, 1995

## Emission of exhaust gas from private cars

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Following is a question by the Hon Lau Wong-fat and a written reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question :

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?

Reply :

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, USA 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.

End/Wednesday, March 8, 1995

## Falling of masonry and tiles

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Following is a question by the Hon Emily Lau and a written reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question:

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?

Answer

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 6 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.

End/Wednesday, March 8, 1995

Squatter structures in Shek O

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Following is a question by the Hon Jimmy McGregor and a written reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question:

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. 400-420 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 sites No. 410, 784, 787, 814, 817 and 856 on which restaurants and shops are located apparently are paying no Government rentals at all?

Answer:

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.

End/Wednesday, March 8, 1995

## Driving Offence Points System

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Following is a question by the Hon Henry Tang Ying-yen and a written reply by the Secretary for Transport, Mr Haider Barma, in the Legislative Council today (Wednesday):

Question:

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?

Reply:

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 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.

End/Wednesday, March 8, 1995

## Recycling of waste materials

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Following is a question by the Hon Eric Li Ka-cheung and a written reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question :

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?

Reply :

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.

End/Wednesday, March 8, 1995

## Designation of polling stations

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Following is a question by the Hon Emily Lau Wai-hing and a written reply by the Secretary for Constitutional Affairs, Mr Nicholas Ng, in the Legislative Council today (Wednesday):

Question :

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?

Reply :

(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, taken 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, 5 added and 7 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 7 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 welcomed.

(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, e.g. 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.

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**Annex**

| District | Original Polling Station | Polling Station Designated after Merger | Reasons for Merger |
|---|---|---|---|
| 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 Estate. 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. |

| District | Original Polling Station | Polling Station Designated after Merger | Reasons for 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. |
| 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 |

| District | | Original Polling Station | Polling Station Designated after Merger | Reasons for Merger |
|---|---|---|---|---|
| | | | | 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 the 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. | Caritas 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. |

End/Wednesday, March 8, 1995

Efforts continuing to improve recruitment and retention of nurses

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Following is a question by the Hon Michael Ho Mun-ka and a written reply by the Secretary for Health and Welfare, Mrs Katherine Fok, in the Legislative Council today (Wednesday):

Question:

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?

Reply:

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 familiarise 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.

End/Wednesday, March 8, 1995

## Proposals on public broadcasting service being considered

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Following is a question by the Hon Eric Li Ka-cheung and a written reply by the Secretary for Recreation and Culture, Mr James So, in the Legislative Council today (Wednesday):

Question:

It was originally scheduled that Cable Television would start providing, free of charge, three channels for the Government to broadcast programmes on January 1, 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 organisations, students and young people; if not, why not?

Reply:

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 January 1, 1995. Condition 10.3.1 of Wharf Cable Limited's Initial Subscription Television Broadcasting Licence clearly states that:

> "Upon not less than six 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 January 1, 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 utilising 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 time-table 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 July 6, 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.

End/Wednesday, March 8, 1995

Squatter areas in HK

* * * * *

Following is a question by the Hon Frederick Fung Kin-kee and a written reply by the Secretary for Housing, Mr Dominic Wong, in the Legislative Council today (Wednesday):

Question:

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?

Answer

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.

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Annex 1

## 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
* Tai Hang Hill
Wun Sha Street
Rear of Confucious School
Bowen Road
Wan Chai Gap Road
Kennedy Street/Road & Sik On Street
Chatham Path & Tregunter Path
Hatton Road
* Chu Mo Shan
Behind Tai Wah Factory
Ho Jong
Tai Hau Wan Village
* Sandy Bay
* Tai Wan Sun Chuen
Telegraph Bay Village
* Near Baguio Village
* North Victoric Road
Pokfulam Village
Victoria Rd. Near Wah Fu Est.
(Shui Choi Tin Vill. & Pok Po Wan)
* Kai Lung Wan (Area opp, Hing Wai Ice Fty.)
Chiu Chow Shan
* Shek Pai Wan Rd./Tin Wan Hill
Hillslope behind Apleichau Main St.
Pak Sha Wan, Apleichau
* Deep Ditch
Behind Aberdeen Police Station
Wong Chuk Hang Path & Old Village
Shouson Hill Road
Wong Chuk Hang Sun Wai Chuen
Island Road side of Golf Course
J/O Repulse Bay Road & South Bay Road
South Bay Road
* Headland Road
* Chung Hom Kok Rd.
Sai Wan Chai
Stanley Market
Nam Yeuk
St. Stephen Beach, Stanley
Tai Tam Village, Stanley
* Stanley Gap Road
Tai Tam
Tai Tam Road (West)
Tai Tam Tuk Village
Shek O Road
Lan Nai Wan
Tung Ah Pui
Ngan Hang
To Dai Wan (Diety Bay)
Windy Gap
Hok Tsui Village
Nga Choi Hang (Hok Tsui)
Shek O Village
Big Wave Bay
Yuen Dao Ngam (Chai Wan Hill)
Sai Wan Chuen (behind Blk.19, Chai Wan E.)
Sai Chuen (below Cape Collinson Road)
Cape Collinson Road
Tai Hang Tung Chuen (Tai Hang Ngau &
Moon Wah Lau)
Tai Tam Road (East)
Aldrich Village
* Hoi Shum Temple, Shaukeiwan
Shan Bin Terrace
Ah Kung Ngam Village
Tanner Hill Below Tin Hau Temple Road

* Squatter areas under clearance

Kowloon

Ma Pui Village
Ma Wan Village
Che Tang Village
Lei Yu Mun Village
Shung Shun Street Sea Front
* Ling Nam New Village (Lower)
Ling Nam New Village (Upper)
* Cha Kwo Ling Road (South)
Cha Kwo Ling Village
Fan Wah Street
* Kai Tin Village
Hillslope opposite Tsui Ying House, Tsui Ping E.
Kai Liu
Hillslope near Tsui Yeung Hse, Tsui Ping E.
Ma Yau Tong
Fuk Tak New Village
Fei Po Hang/Kwun Tong Industrial Area
* On Lok Village
* Sai Wo Yuen/Tai Shing Village
* Sau Ming Village
* Wo Ping Village/Sau On Village
* Jordan Path
Yuen Po Rd.
Fuk Wing St./Camp St.
Hillside near Block 36, Shek Kip Mei E.
Fuk Tak Temple
North Kowloon Magistracy Hillslope
* Pak Shan Village
Ho Kar Yuen
Chung Shan Village
Tsz Mei Village
* New Kowloon No.8 Cemetary
Tak Mong Village
Ngau Chi Wan Village
Ha Yuen Ling (West)/
Tai Hom Village (South of Lung Cheung Road)
Sheung Yuen Ling (North)
* Diamond Hill New Village/
Sheung Yuen Ling (South)/
Sheung Yuen Ling (North)
* Diamond Hill New Village
* Tai Koon New Village
Chuk Yuen United Village (East)
Ngar Tsin Wai Village
Sa Po Road
Shansi Street

* Squatter areas under clearance.

Annex 2

## Squatter Area Improvement Programme

| SERIAL NO. | SQUATTER AREA |
|---|---|
| | 5-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 Kok 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 |
| 29 | Lei Yue Mun Village |
| 30 | Ling Nam Lower Village |
| 31 | Ling Nam Upper Village |
| 32 | Ma Pui & Che Tang Village |
| 33 | Ma Wan Village |
| 34 | Heung Yeung |
| 35 | Fu Yung Shan |
| 36 | Hon Man Chuen |
| 37 | Kwong Pan Tin Lower |

| SERIAL NO. | SQUATTER AREA |
|---|---|
| 38 | Kwong Pan Tin Upper |
| 39 | Pak Tin Pa |
| 40 | Aldrich Village |
| 41 | Ma Shan (Causeway Bay) & Lin Fa Kung |
| 42 | Wang Hang |
| 43 | Ho Jong & 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 |

2-year extended programme

| | |
|---|---|
| 65 | Wong Chuk Hang Path & Old Village |
| 66 | Yuen Dao Ngam |
| 67 | Wo Ping |
| 68 | Yau Tong Lower |
| 69 | Ngau Chi Wan |
| 70 | 6 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 |

| SERIAL NO. | SQUATTER AREA |
|---|---|
| 77 | Pokfulam Vilalge |
| 78 | Tung Yeung |
| 79 | Tai Hom (South) |
| 80 | Tse Mei/Tin Liu |
| 81 | Tsz Mei |
| 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 & 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 | Yau Kam Tau, Tsing Yi |

End/Wednesday, March 8, 1995

Assessment of academic qualifications of civil service recruits

* * * * *

Following is a question by the Hon James Tien Pei-chun and a written reply by the Secretary for the Civil Service, Mr Michael Sze, in the Legislative Council today (Wednesday):

Question :

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?

Reply :

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 of 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 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.

End/Wednesday, March 8, 1995

Occupancy rate of HK Industrial Technology Centre

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Following is a question by Dr the Hon Huang Chen-ya and a written reply by the Secretary for Trade and Industry, Mr T H Chau, in the Legislative Council today (Wednesday):

Question:

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 organisations?

Answer

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 m2) 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 m2) 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.

End/Wednesday, March 8, 1995

Site for new China ferry terminal being identified

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Following is a question by the Hon Zachary Wong Wai-yin and a written reply by the Secretary for Transport, Mr Haider Barma, in the Legislative Council today (Wednesday):

Question:

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 passenger 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?

Reply:

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 per cent 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 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.

End/Wednesday, March 8, 1995

Finances of Institute of Education and Academy for Performing Arts

* * * * *

Following is a question by the Hon Timothy Ha Wing-ho and a written reply by the Secretary for Education and Manpower, Mr Michael Leung, in the Legislative Council today (Wednesday):

Question:

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 ?

Reply:

Mr President,

(a) The Hong Kong Academy for Performing Arts' (HKAPA) 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 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 Government a programme of proposed activities and estimates of income and expenditure, the latter of which will be closely scrutinised 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 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 SEM monthly financial statements. It is also required to carry out a mid-year review of its activities and financial situation and report to 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. SEM is also represented at the Standing Committee under the Governing Council of the Institute and its sub-committees 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 September 1, 1994. The estimated recurrent and capital expenditure for the Institute for 1994-95 and projected expenditure for 1995-96 are also in the Annex.

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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.

End/Wednesday, March 8, 1995

LegCo passes motion on retirement protection system

* * * * *

The Legislative Council today (Wednesday) passed by 28 votes to 21 a motion put forward by the Secretary for Education and Manpower, Mr Michael Leung, calling on the Government to introduce as expeditiously as possible a mandatory, privately managed occupational retirement protection system.

The Hon Jimmy McGregor's amendment to the above motion was defeated by 24 votes to six. The Hon Michael Ho moved a motion to adjourn the debate, but his motion was voted down by 31 to 18 votes.

The Council also debated and passed a motion moved by Dr the Hon Yeung Sum. The motion urged the Government to implement the Old Age Pension Scheme as soon as possible and expressed strong dissatisfaction at the Government for shelving the Scheme. The motion also called for the Government to put into immediate effect the increase of the Comprehensive Social Security Assistance payments for the elderly.

The amendment moved by Dr the Hon K C Lam to this motion was voted down.

Meanwhile, a private member's motion moved by the Hon Albert Chan regarding rehousing of rooftop structure occupants was carried.

A motion on the Public Finance Ordinance put forward by the Secretary for the Treasury, Mr Donald Tsang, was also passed.

In addition, three bills were introduced for first and second readings. Debates on them were adjourned. The bills were the Tai Lam Tunnel and Yuen Long Approach Road Bill, the Credit Unions (Amendment) Bill 1995 and the Gas Safety (Amendment) Bill 1995.

End/Wednesday, March 8, 1995