

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 6 July 2017

The Council continued to meet at Nine o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE ANDREW LEUNG KWAN-YUEN, G.B.S., J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE ABRAHAM SHEK LAI-HIM, G.B.S., J.P.

THE HONOURABLE TOMMY CHEUNG YU-YAN, G.B.S., J.P.

PROF THE HONOURABLE JOSEPH LEE KOK-LONG, S.B.S., J.P.

THE HONOURABLE JEFFREY LAM KIN-FUNG, G.B.S., J.P.

THE HONOURABLE WONG TING-KWONG, G.B.S., J.P.

THE HONOURABLE STARRY LEE WAI-KING, S.B.S., J.P.

THE HONOURABLE CHAN HAK-KAN, B.B.S., J.P.

THE HONOURABLE CHAN KIN-POR, G.B.S., J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, S.B.S., J.P.

THE HONOURABLE WONG KWOK-KIN, S.B.S., J.P.

THE HONOURABLE MRS REGINA IP LAU SUK-YEE, G.B.S., J.P.

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

THE HONOURABLE LEUNG KWOK-HUNG[#]

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE FRANKIE YICK CHI-MING, S.B.S., J.P.

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING, B.B.S.

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK, J.P.

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN, J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, S.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, B.B.S., J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG, J.P.

THE HONOURABLE DENNIS KWOK WING-HANG

[#] According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, S.B.S., J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, B.B.S., J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, S.B.S., J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, S.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE ALVIN YEUNG

THE HONOURABLE ANDREW WAN SIU-KIN

THE HONOURABLE CHU HOI-DICK

THE HONOURABLE JIMMY NG WING-KA, J.P.

DR THE HONOURABLE JUNIUS HO KWAN-YIU, J.P.

THE HONOURABLE HO KAI-MING

THE HONOURABLE LAM CHEUK-TING

THE HONOURABLE HOLDEN CHOW HO-DING

THE HONOURABLE SHIU KA-FAI

THE HONOURABLE SHIU KA-CHUN

THE HONOURABLE WILSON OR CHONG-SHING, M.H.

THE HONOURABLE YUNG HOI-YAN

DR THE HONOURABLE PIERRE CHAN

THE HONOURABLE CHAN CHUN-YING

THE HONOURABLE TANYA CHAN

THE HONOURABLE CHEUNG KWOK-KWAN, J.P.

THE HONOURABLE HUI CHI-FUNG

THE HONOURABLE LUK CHUNG-HUNG

DR THE HONOURABLE CHENG CHUNG-TAI

THE HONOURABLE KWONG CHUN-YU

THE HONOURABLE JEREMY TAM MAN-HO

THE HONOURABLE NATHAN LAW KWUN-CHUNG[#]

DR THE HONOURABLE YIU CHUNG-YIM[#]

DR THE HONOURABLE LAU SIU-LAI[#]

MEMBERS ABSENT:

THE HONOURABLE STEVEN HO CHUN-YIN, B.B.S.

THE HONOURABLE LAU KWOK-FAN, M.H.

THE HONOURABLE KENNETH LAU IP-KEUNG, B.B.S., M.H., J.P.

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PUBLIC OFFICERS ATTENDING:

THE HONOURABLE NICHOLAS W. YANG, G.B.S., J.P.
SECRETARY FOR INNOVATION AND TECHNOLOGY

DR THE HONOURABLE LAW CHI-KWONG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

CLERKS IN ATTENDANCE:

MS ANITA SIT, ASSISTANT SECRETARY GENERAL

MS DORA WAI, ASSISTANT SECRETARY GENERAL

MR MATTHEW LOO, ASSISTANT SECRETARY GENERAL

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): We now continue with the debate on the motion "Reforming outdated legislation and promoting the development of innovation and technology".

Mr LEUNG Kwok-hung, please speak.

REFORMING OUTDATED LEGISLATION AND PROMOTING THE DEVELOPMENT OF INNOVATION AND TECHNOLOGY

MR LEUNG KWOK-HUNG (in Cantonese): Good morning, President. We have this meeting very early in the morning. Yesterday ...

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, this is the normal meeting time.

Continuation of debate on motion which was moved on 5 July 2017

MR LEUNG KWOK-HUNG (in Cantonese): Right. Yesterday I was going to rebuke Mr CHAN Kin-por and of course, on issues relating to innovation and technology, and now it is another day.

First, he said that the development of innovation and technology in Hong Kong should have come a long way but due to the obstruction posed by the opposition camp, the expected development has not been achieved. He was actually speaking nonsense. First, as Members should know, under the governance of Donald TSANG there were the so-called six priority industries in which Hong Kong enjoyed clear advantages, and in other words, he considered it necessary to carry out work in six areas. What are these six areas? Let me read them out: the testing and certification services industry, medical services industry, innovation and technology industry, cultural and creative industries, environmental industry, and education services industry. No matter how one looks at them, the innovation and technology industry is only one of these areas, taking up a share of one sixth. Although some people no longer serve as Members of this Council, there are still people who are in the same political

parties or groupings as theirs in this Council now, such as Members of the Democratic Alliance for the Betterment and Progress of Hong Kong or some of them may already become Members of the Business and Professionals Alliance for Hong Kong. In short, this is all supported by solid proof. It was proposed by him in 2009 and at that time, people all said that these six priority industries in which Hong Kong enjoyed clear advantages were most awesome. Buddy, who took exception to the opinion of everyone else on that day and came forth to say, "Donald TSANG, you are wasting your time because innovation and technology should be the most important and how can it take up a share of a mere one sixth?" Nobody had done this.

Then the Innovation and Technology Bureau was established, and there was also the steering committee, though no meeting has ever been held. We raised some questions when we were filibustering in an attempt to block the establishment of the Innovation and Technology Bureau and it turned out that those questions were also within the ambit of John TSANG. So John TSANG had to attend to so many businesses as if everything had something to do with him. In other words, the remarks made by Mr CHAN Kin-por are all pointless. I saw him become a Member representing the insurance sector in 2008 and he did not even utter a word other than talking about how to turn the insurance sector into a money-spinner, right? In 2008 when he joined the Legislative Council, the Lehman Brothers incident broke out, which almost caused the entire Hong Kong to tumble down. So, President, why does he always have to open his mouth to bite people? Different species have their natural behaviour, and species of his like should eat dog biscuits. Why should he bite me? And the opposition camp is again made to take the blame.

From 2009 to 2012, the six priority industries were proposed by Donald TSANG in a bid to deceive us, but nothing had been achieved. Later, the medical services industry was developed with everyone's support and as a result, those "doubly non-permanent resident pregnant women" (pregnant Mainland women whose spouses are not permanent residents of Hong Kong) swarmed to Hong Kong to give birth, making it difficult for us to even find a doctor to seek medical consultation, right? As for the education services industry, everyone supported it too, and land was granted for the construction of international schools because their children had no access to education. Are these people insane? They know only to chide us.

In 2012, LEUNG Chun-ying took office, and actually if we look at the situation today, and as Secretary Nicholas YANG is in the Chamber, what has he actually achieved after making all the fuss? All that he has achieved is having revived the Science Park which was a fiasco and then venturing up north to work out a thing called "the Loop". Who will benefit from the Loop? Secretary YANG may later stand up and say that the development of the Loop is expected to generate economic benefits amounting to \$57 billion and create 50 000 jobs. But according to the information of the Mainland, Shenzhen is the pioneer of innovation and technology of the country, and the value-added of emerging industries of strategic importance in Shenzhen has reached RMB 700 billion. Buddy, we would have to do such a great deal of work and yet, our benefits are not even up to a fraction of theirs and what is more, this so-called "the Loop" is no more than a scam, for 22 hectares of the land there will be used for developing education services with only a little more than 8 hectares to be used for developing high technology. Who do you people want to deceive? What are you people up to?

Second, they have kissed the wrong ass. When XI Jinping visited Hong Kong ...

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please withdraw that remark that you just made because this expression has been ruled to be unparliamentary.

MR LEUNG KWOK-HUNG (in Cantonese): No, I mean they have licked the wrong boots. I withdraw that remark. I mean they have licked the wrong boots, and let the cat out of the bag.

What did XI Jinping say when he visited Hong Kong? He told people to have confidence in Hong Kong. Let me read out his words: "Hong Kong is blessed with many favourable conditions and unique strengths for development. It has a highly free and open economy featuring free flow of factors of production such as personnel, goods and capital, and this is a major factor in both attracting international capital and retaining local capital. With its internationally recognized legal, accounting and regulatory systems, a full-fledged service sector,

clean and efficient government and business-friendly environment, Hong Kong has the full confidence of outside investors. Hong Kong is an important international financial, shipping and trade centre, a major conduit connecting the Mainland and international markets and a two-way service platform for China both to attract foreign investment and enter the international market. Hong Kong is by far the Mainland's ...". With all of these, he was actually telling us to continue with what we have been doing, and he even stated expressly the need to maintain Hong Kong's status as an international financial, shipping and trading centre. He said, "In particular, China's continuous and rapid development over the years provides an invaluable opportunity ... for Hong Kong's development", adding that "after leaving Suzhou, a traveller will find it hard to get a ride on a boat", meaning an opportunity missed is an opportunity lost. Buddy, he was telling Hong Kong to keep on developing those industries that are nearly finished among those six priority industries in which Hong Kong enjoys clear advantages. Did you not listen to President XI's remarks at the dinner? Why did you not stand up to express your views then? Honestly, a pro-Government advocate has to pay a price, and be careful not to place the wrong bet. You people are dancing to the tune here but you do not know what you are talking about. When did XI Jinping tell you to do this? With regard to this thing called "the Loop", it is meant to benefit Shenzhen and of course, you people feel excited about it because you will have a share of it, and how dare you pass strictures on us.

So, I would say that this Council is really hopeless and doomed. With regard to those in the pro-establishment camp, no decency will ever come off a graceless mouth, and they have made slanderous accusations of other people. Who is posing obstruction? Obstruction was created by LEUNG Chun-ying whom you supported in carrying on with property speculation and land speculation. Under the governance of LEUNG Chun-ying, property prices soared, land prices soared, and speculation on stocks was like crazy. Who will bother to develop high technology? Who had supported the non-sensical advocacy of LEUNG Chun-ying and Donald TSANG? Mr CHAN Kin-por, do not behave like wretches with a graceless mouth from which no decency can ever come off (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please stop speaking.

MS TANYA CHAN (in Cantonese): Good morning, President. In recent years, all parts of the world, be they developed or developing regions, have accorded top priority to the development of innovation and technology in their policymaking, and the strengths in innovation and technology are even a decisive factor in future economic competitiveness. As the Special Administrative Region ("SAR") Government has a tendency to compare Hong Kong with Singapore, we may as well make some comparisons now.

Let us start with the Global Innovation Index 2017, for which Hong Kong ranked the 16th while Singapore ranked the seventh worldwide. And the next one is the IMD World Competitiveness Yearbook. While Hong Kong again claimed the top spot, in terms of digital competitiveness, it just managed to get the seventh place as compared with Singapore which ranked the first for the fifth year in a row. As to the Global Competitiveness Report 2016-2017 published by the World Economic Forum, Hong Kong took the ninth place with innovation being its weakest aspect, coming in the 27th place only. President, how about Singapore? It climbed to the second place worldwide, and got the ninth place in terms of innovation. The report also pointed out that the challenge for Hong Kong was how to evolve from a financial hub to an innovative powerhouse. While such rankings and observations have clearly shown that the development of innovation and technology is a must for Hong Kong, our legal framework has ironically failed to keep abreast of the times.

In fact, many in the Government have become aware of this. According to Secretary for Innovation and Technology Nicholas YANG, if the view of the majority is that certain legislation has become obsolete, this should be studied in detail by the authorities and openly discussed by society to see whether there is any ground to explore the issue and a need to introduce legislative amendments. But the position of the Government seems to be going in the opposite direction, imposing various barriers here and there to a new economic model arising from the development of innovation and technology. For example, President, may I know whether you have taken a ride with Uber? Interestingly, Uber drivers are affectionately called "papa" as they are exceptionally communicative. But this "papa" has come under fire by a public officer who wrote on a social media platform, criticizing them for knowingly breaking the law under the pretext of sharing economy. In fact, the Singaporean Government took the initiative to introduce legislative amendments to allow Uber to operate lawfully long ago. It

only requires drivers to register and set up a company on their own, and they may operate lawfully with procurement of insurance and payment of road tax to the Government. Should the Administration consider ways to update the legislation to enable the continued operation of such a new economic model?

I think that apart from Uber, the President may have heard of a platform for short-term rental accommodation called Airbnb. Nevertheless, the requirement under the Hotel and Guesthouse Accommodation Ordinance of Hong Kong that premises providing accommodation with a tenancy term of less than 28 days shall obtain a licence has made its development in Hong Kong difficult. But certainly, restrictions imposed by the terms and conditions of deeds of mutual covenant may also be one of the factors. In contrast, Japan has recently passed the "private lodging business bill", which means that operators are only required to register with local governments, while companies are required to register with the Tourism Agency. If applicants are found to have satisfied the requirements upon basic examination, they may operate lawfully subject to an annual lease term limit of 180 nights. Legislation and penalties are also put in place to protect consumer rights and interests. Obviously, as reflected by these examples, the governments of certain places can keep abreast of the times with more mental agility.

Yesterday, the Chief Secretary for Administration—she is now the Chief Executive instead of the Chief Secretary for Administration—came to the Legislative Council, saying that it was most challenging to drive innovation. It seems that there is a greater need for the Secretary for Innovation and Technology to have such mental agility. It is hoped that he can somewhat change his toe-the-line philosophy so as to keep the legislation abreast of the development of innovation and technology nowadays.

President, supporting start-ups is a crucial part of the policy of developing innovation and technology. I think the Government should provide start-ups with concessionary initiatives, such as giving them support in terms of the government procurement policy. The policy of Singapore in this regard serves as rather useful reference. For example, the Agency for Science, Technology and Research (A*STAR) of Singapore will bear the expenditure and risks of investment in research and development, underwriting those projects in progress, so that researchers may concentrate on their studies. As for the

Info-communications Media Development Authority of Singapore, it has launched an accreditation programme to accredit start-ups engaged in software development registered in Singapore, and the accredited start-ups will then be given priority when they bid for government procurement projects. Furthermore, it has also offered a testing ground for start-ups which are still at their conceptual stage, assisted them in commercializing innovative products and services, and promoted innovative products and services to the public sector.

In contrast, start-ups in Hong Kong, backed merely by some funds set up for small and medium enterprises, are destined to remain the underdog in an environment of fierce competition. If the Government does not assume an active role, it will definitely discourage those aspiring to kick-start their businesses.

On the other hand, we hold that the Government should put forward a specific blueprint for the development of a smart city. As far as we know, Singapore completed its plan "Smart Nation 2015" ahead of schedule in 2014, and put forward the plan "Smart Nation 2025" with specific targets and measures in such areas as public transport, the environment, productivity, health and public services. It has even set up the Government Technology Agency of Singapore ("GovTech"), working jointly with the public sector in the development and delivery of secure digital services and application techniques for individuals and enterprises in Singapore, thereby equipping Singapore with the key platform and solutions necessary for a smart nation.

In Hong Kong, our blueprint for the development of a smart city remains at the stage of consultancy study without any specific measures. I hope the new Government can let us know the specific measures and planning for the development of a smart city as early as possible, to be followed by public consultations and an invitation for community participation.

In 2016, the European Commission released a research report titled "A European Agenda for the Collaborative Economy". According to the report, "absolute bans" should only be used as a measure of last resort, and the European Commission has also proposed that the Government should oversee collaborative economic activities instead of regulating platforms.

President, instead of calling on the Government to repeal all regulatory regimes or rules for innovation and technology, we hope the Government can remove the barriers for the innovation and technology industry as it sees fit, amend outdated legislation which restricts development, enact new legislation for the protection of consumer rights and interests, and provide the innovation and technology industry with comprehensive support in order to catch up with the pace of the international community and upgrade the competitiveness of Hong Kong.

I so submit.

DR CHIANG LAI-WAN (in Cantonese): President, Mr Charles Peter MOK proposed the motion on "Reforming outdated legislation and promoting the development of innovation and technology". I believe his ultimate aim is to promote the development of innovation and technology. Hence, I consider that it is necessary not only to reform outdated legislation. A clear policy on the development of innovation and technology should also be formulated comprehensively. In fact, the reform of outdated legislation is only part of the policy. To develop any major policy direction, it is impossible not to concurrently amend the relevant legislation as a complementary measure. For this reason, how to formulate a full set of initiatives for the development of the innovation and technology industry is the most crucial issue which warrants an in-depth study by the Government.

When the Government draws up a policy direction, it should make thorough considerations, including the goals, effectiveness, the affected stakeholders, market needs, talents, management and a series of matching facilities. Only then can the policy be implemented effectively. For example, yesterday many Honourable colleagues mentioned Uber and Gobeer.bike. These are innovation and technology companies which Invest Hong Kong has helped introduce into Hong Kong. However, the legislation in Hong Kong has not been kept abreast of the times. In that case, why did it still invite these companies to come to Hong Kong? These companies will just turn out to be unable to operate in Hong Kong. We can see that the neighbouring regions are willing to amend the relevant laws to facilitate Uber's operation. The legislation has got to cater to the interests of the persons relating to the existing commercial vehicles, such as taxi drivers, and at the same time legalize the new business. The Government needs to make strenuous efforts to consolidate and rationalize its policies so that

outdated policies in respect of innovation and technology can be kept abreast of the times.

Certainly, I have no doubts about the Government's sincerity in developing the innovation and technology industry over the years. The first Chief Executive TUNG Chee-hwa set up the Commission of Innovation and Technology. Former Chief Executive Donald TSANG identified innovation and technology as one of the six priority industries in which Hong Kong enjoyed clear advantages. The last Chief Executive LEUNG Chun-ying proposed upon his assumption of office the establishment of the Innovation and Technology Bureau, during which course there were indeed numerous difficulties and all kinds of obstruction. It was not until last year that the Bureau could be established. Actually, I believe if the Bureau could be set up a few years earlier, the development of innovation and technology in Hong Kong should have already made considerable achievements. We would not still be waiting for the establishment of the Innovation and Technology Park in the Loop where the first building will not be completed until seven years later. As a matter of fact, such a state of development of innovation and technology in Hong Kong is attributable to a certain extent to some Members of the opposition camp, but of course, they absolutely do not include Mr Charles Peter MOK. He has all along been promoting the development of innovation and technology.

Over these few years, some politicians with a limited vision have stayed in the rut and opposed every opportunity of economic integration with the Mainland. Many of them even hold that Hong Kong is better and more advanced than the Mainland and proclaim the former as the "Greater Hong Kong". They have no idea that during these few years, the Mainland has far surpassed Hong Kong in the development of innovation and technology. Just take Shenzhen as an example. In the middle of last year, the *TIME* magazine selected the Phantom series of drones of Dajiang in Shenzhen as one of the 50 most influential gadgets of all time. Ironically, the founder of this company was a student of The Hong Kong University of Science and Technology. It proves that there are talents in Hong Kong. Only that support of a corresponding policy is lacking.

We have also seen that in the neighbouring regions such as Shenzhen on the Mainland, these products have infiltrated into the local people's daily life. Now the people on the Mainland can use mobile wallets. Not only can they pay the shops through mobile phones. They can also transfer funds from one mobile account to another. Settlement of dining bills, payment of fares, even offer of

cash gifts in weddings of relatives and friends and distribution of red packets during the Chinese New Year can be done with the use of mobile applications. In Hong Kong, the percentage of electronic payment is only 35%. The main mode of payment is still Octopus. It was not until these two years that Apple Pay, Tap & Go, etc. were gradually introduced. Actually, it is not that Hong Kong lacks the relevant technologies and equipment. It is only that these modes of transactions are still not popular and the laws and regulations are not perfect. Consequently, members of the public do not have much knowledge of this kind of payment methods. They are even worried that their personal data will be leaked.

As a matter of fact, Hong Kong has had its day in terms of innovative technologies. In the past, many products of innovation and technology, for example, electronic products and learning and educational toys, ranked the first in the world. As early as a few decades ago, the plastic football striped in red and white invented by my father was also awarded a number of prizes as an innovative product. However, nowadays, the innovation and technology industry in Hong Kong does not even have a place near the ranking list, not to mention any prizes.

Nevertheless, "Better late than never". The only worry is that the Government will do nothing. Now the Government should really strive to catch up. Most importantly, now it should properly deal with the matters relating to the Innovation and Technology Park in the Loop. It should also consider how to make use of the synergy brought forth by the economic development in the Guangdong-Hong Kong-Macao Bay Area to develop the innovation and technology industry in Hong Kong, to industrialize the products of scientific research and to apply innovative technologies in the people's daily life. To promote the development of innovation and technology, the Government must start to apply and reform the laws and policies relating to innovation and technology on various fronts. Meanwhile, I wish to advise Members of the opposition camp to stop delaying Hong Kong's economic development for the sake of politics, for this would cause the development of new technologies to be unable to leap forward in Hong Kong. They will indirectly affect the people's livelihood and the economy in Hong Kong.

President, I am really worried that if we miss the speedboat of the Guangdong-Hong Kong-Macao Bay Area (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Dr CHIANG Lai-wan, please stop speaking immediately.

DR CHIANG LAI-WAN (in Cantonese): ... we will never have such an opportunity again.

MR MA FUNG-KWOK (in Cantonese): President, in a recent media reception, Chief Executive Carrie LAM disclosed that innovation and technology and creative industries will be developed as a new impetus and new point of growth for Hong Kong economy. The Government has already proposed the promotion of development of innovation and technology in the past. The TUNG Chee-hwa Government proposed developing innovation and technology; the Donald TSANG Government prescribed innovation and technology as one of the six priority industries; the LEUNG Chun-ying Government made efforts to establish the Innovation and Technology Bureau to promote technology research and application in the hope of developing Hong Kong into a regional innovation hub. Unfortunately, it seems that the efforts made in the past have failed to bear fruit so far.

Although Hong Kong was again ranked the most competitive economy in the World Competitiveness Yearbook 2017 published by the International Institute for Management Development, the report also pointed out that Hong Kong is not yet prepared for innovation and technology transformation and competition. In the Global Competitiveness Report 2016-2017 published by the World Economic Forum in September last year, Hong Kong's ranking dropped from the seventh to the ninth place mainly due to a lower rating in innovation and technology. Innovation and technology remains the weakest link in Hong Kong's economic development.

One of the tasks of the Government in order to promote innovation and technology is keeping the law updated in response to new technology development. In fact, the Government has commenced work in this regard. To meet market needs and keep up with new trends of technological development, the Government recently proposed reviewing the Telecommunications Ordinance and the Broadcasting Ordinance, covering such issues as cross-media ownership and foreign ownership restrictions mentioned in Ms Claudia MO's amendment.

Ms MO proposed in her amendment that important personnel in free television broadcasting companies in Hong Kong must ordinarily reside in Hong Kong, so as to avoid "Mainlandization" of television stations. From another perspective, Ms MO's proposal also restricts capital from other places from investing in local television media. If we fail to take advantage of these investors and capital, they will run off to other places and this will be detrimental to Hong Kong's broadcasting industry in the long run.

With the changing digital environment, OTT platforms become increasingly popular. Viewers may watch television programmes on these platforms anytime anywhere, posing a tall challenge to the traditional television industry. While the regulation of online platforms is relatively loose, television programme service licencees are subject to licensing conditions and the Broadcasting Ordinance ("BO"), rendering the operation of television stations less flexible. Moreover, the broadcast of advertisements is also strictly controlled, and hence, television stations are under constraints in generating additional revenue. Therefore, appropriate relaxation of the licensing conditions and of the restrictions under BO should be considered in the process of reviewing BO, so as to give broadcasters suitable flexibility in tackling the new environment and new developments in the market.

On the other hand, due to the development of the Internet, infringements have turned from physical to virtual, and illegal streaming, which the existing legislation is not able to ban, has become more common. The current legislation is also unable to eradicate set-top boxes for watching infringed contents available in the market. The past two terms of Government have proposed amending the Copyright Ordinance ("CO") twice in order to introduce the right of communication and block illegal streaming. Regrettably, due to the obstruction posed by some Members, including the one who moved this motion and some who proposed amendments to it, the amendments to CO were unable to pass on both occasions, causing CO to remain stagnant and lag behind world standards.

The continual harm done by online infringements to the industry is one of the major obstacles to the development of local creative industries. Hence, the incumbent Government should restart the work on amending CO as soon as possible and enhance communication among stakeholders, so that CO can reasonably balance the interests of stakeholders and enforce copyright protection. Before that, the Government should work with the industry, making reference to

examples such as the Infringing Website List jointly introduced by the Police, the copyright industry and the electronic platform advertising industry in the United Kingdom. The list curbs infringement activities through administrative measures by discouraging the advertising industry from advertising on infringing websites, and thereby suppresses and compresses the room of survival of infringing websites.

President, technology research and innovation can not only lead to innovation and technology development itself, but also give impetus to other industries, such as agriculture, manufacturing, logistics, financial services and creative industries. To promote innovation and technology, the Government needs to update existing legislation. Apart from introducing policies conducive to innovation, it is also important for the Government to implement policies to assist various industries in making good use of technology, so that they can pursue sustained development alongside with the new trend and new era brought forth by technological advancement. The Government should also improve intellectual property protection for the sustainable growth of the industry.

The establishment of the Bureau by the last-term Government encountered much obstruction and irrational delays. Here, I hope Honourable colleagues who opposed the establishment of the Bureau and updating CO can realize that they were wrong and change their mind, and that they will support the Government in introducing new legislation and policies. The Government should expedite the efforts in this regard, or else our competitiveness will again be undermined due to the lack of innovative capacity.

I so submit. Thank you, President.

MR CHAN CHUN-YING (in Cantonese): President, the application of innovation and technology is an integral element in driving economic development. In recent years, many places in the world keep amending and updating their legislation to bring the operation modes of technological products under statutory regulation. For example, California in the United States enacted legislation last year to stipulate that a licence and insurance must be acquired for operating unmanned aircraft systems. But the situation in Hong Kong is that the Civil Aviation Department commissioned an overseas consultant to study the regulation of unmanned aircraft systems only in March, as pointed out by the Government in reply to a question asked by a Legislative Council Member in

May this year. Besides, New York in the United States introduced a bill to prohibit the sale of smartphones unable to be decrypted and unlocked. Offenders are liable to a fine of US\$2,500 per mobile phone. These are just two examples showing how technological development has necessitated legislative amendments. In contrast, it looks like Hong Kong has not introduced any corresponding amendments to the legislation on financial technology ("Fintech") or information technology over the past few years.

According to a study report issued by KPMG, global investment in Fintech companies amounted to as much as US\$320 million in total in the first quarter of this year. I believe that in the next 10 years, technology will bring tremendous changes to the service delivery modes of the financial industry. While such changes have presented challenges to the financial industry itself, policymakers and clients of financial institutions also have to face up and adapt to such changes in the broad environment at the same time.

The study report also points out that the Monetary Authority of Singapore has striven to develop Singapore into a Fintech hub in the Asian region, and has joined hands with various international regulatory authorities to study ways to remove regulatory obstacles. As I have mentioned many times in this Chamber, LATTICE80, the largest Fintech hub worldwide, formally commenced operation in Singapore's central financial district in November last year. This is sufficient proof that the efforts made by Singapore have borne some preliminary fruit.

President, the engine of Fintech integration has started in Hong Kong. Its development in payment methods and financial management has been relatively fast, and has gradually extended to such areas as financing and insurance in recent years. In September last year, the Hong Kong Monetary Authority ("HKMA") rolled out two initiatives, including the setting up of the Fintech Innovation Hub in cooperation with the Hong Kong Applied Science and Technology Research Institute Company Limited to enable operators in the Fintech industry, the banking industry and the payment service industry to launch trial runs of their new products or services in an environment well-equipped with necessary systems. At the same time, HKMA also introduced the Fintech Supervisory Sandbox to enable banks to conduct trial runs of certain new technology-based products and services without having to meet all compliance requirements. It is believed that these two initiatives can help expedite the launching of products and services in the market.

As an international financial centre, Hong Kong must put in place stringent regulation of a high standard. This is also the foundation for the sound and robust development of the Hong Kong financial market. But quite many studies have pointed out that due to relatively less stringent financial regulatory measures, some overseas countries are able to conceive more competitive ideas for financial innovation when compared to Hong Kong. Hong Kong inevitably needs to strike a better balance between regulation and innovation. I hope the regulatory authorities can review the situation more often with the industries in order to manifest the innovation and flexibility advantage of Fintech, fully protect the interests of consumers and investors, and prevent them from being exposed to excessive or unnecessary risks.

We should not only review the relationship between regulatory legislation and fostering Fintech, but also consider the question of how to prevent excessive technological and compliance costs from hindering market development. Hong Kong's population merely stands at some 7 million. Since its market size is no match for the enormous markets with hundreds of millions of clients in the Mainland, Europe and the United States, it is hard to achieve cost-effectiveness despite substantial resource commitment. As a result, the industries lack the drive to develop financially innovative businesses.

Over the years, Hong Kong has only one stored value platform called the Octopus. But last year, HKMA granted 16 licences for stored value facilities one after another. Some famous third-party payment processors from the Mainland such as Alipay and WeChat Pay have thus been granted the right of operation in Hong Kong. And, other new smart payment methods such as Apple Pay and Android Pay have also entered the battlefield and brought new impetus to the electronic payment market of Hong Kong.

President, in order to dovetail with the Belt and Road Initiative, the Government should create more favourable conditions for Fintech development when formulating rules, regulations and regulatory modes, so as to facilitate business expansion to the Mainland and Southeast Asian markets, increase our market size and market share, and in turn effectively enhance the cost-effectiveness of technological commitment made by the Fintech industry.

The last point is that I wish to emphasize the importance of reviewing outdated legislation. Training of talents, especially talents who are well-versed in Fintech with a good grasp of legal knowledge, is vitally important to fostering financial innovation.

The recent years have seen rapid development of smart wealth management business in Hong Kong. This business entails quite many technological elements, such as big data application, multiple platforms for information management, clientele analysis models, smart systems for asset portfolio analysis, and so on. The collection, application and maintenance of big data involve personal privacy data. At the same time, the international community has devoted full efforts to combating money laundering and terrorist financing activities in recent years. It is also necessary to keep a close watch on the compliance of products and services. Irrespective of company and staff sizes, all companies invariably have to face changes in the relevant rules and regulations. For this reason, the training of Fintech talents must include the provision of legal training, so as to enable them to understand clearly the legislative intent before consideration should be given to the feasibility or otherwise of relaxing certain regulatory measures for the financial industry.

President, an overview of the global development trend shows that traditional international financial centres such as New York and London have adopted innovative means to bring their strengths into effective play and successfully developed into leading Fintech hubs. With its sound financial infrastructure, Hong Kong should fully integrate various innovative technologies to enhance the operational efficiency of financial institutions, risk management and precision marketing, or even expand its potential clientele. It can even be said that Fintech enterprises as service users are presented numerous opportunities. But I wish to reiterate that if we fail to strike a balance between regulation and innovation in time, a situation mentioned by several Members today will emerge very easily—"After leaving Suzhou, a traveller will find it hard to get a ride on a boat"—meaning opportunities will not knock at your door again if you let slip of one.

I so submit. Thank you, President.

MR NATHAN LAW (in Cantonese): Mr LEUNG, the topic of the motion debate today is "Reforming outdated legislation and promoting the development of innovation and technology". Just now many Members have mentioned facets of the development of innovation and technology and pointed out that legislation has to cope with the changes in technology currently. However, while the development of innovation and technology in Hong Kong needs complementary legislation, there are still many pieces of outdated legislation which stifle not only the growth of technology but also, more importantly, the cohesion of civic society, as well as curbing every state of its development.

When we talk about knowledge-based economy, one key point is that the Government should know how to delegate its powers and engage the public to make good use of community wisdom. Indeed, community wisdom can further the development of innovation and technology; it is one facet. Another facet, however, is that we also need to cultivate a strong and powerful civic society to allow room for various trades and industries to nurture their own talents. By doing so, our knowledge-based economy can become comprehensive, without focusing solely on certain industries or being completely controlled by the Government.

The civic society is capable of self-organization. Removal of regulations and restrictions should be carried out not only for the sake of developing industries, but also be employed to protect the civic society's rights to activities and self-organization.

There are two facets to updating outdated legislation, which I have just explained. Taking Uber or Airbnb as an example, we need to catch up with the pace of the times and development of the industries but there are times when we will come up against opposition from some parties with invested interests.

I think we all know it well that for a while in the past whenever Uber was mentioned, we seldom had room for discussion. Members of different sectors, such as taxi drivers, Uber practitioners or various government departments, were seldom given the opportunity to sit down for discussions, because people with vested interests would instantly voice their opposition.

Nonetheless, let us look at Taiwan as an example. Despite some apparent setbacks in the local introduction of Uber, how did the authorities in Taiwan come up with the overall direction for development? By inviting many stakeholders to engage in discussion and setting the stage for discussion in society. Even though the outcome may not be to everyone's satisfaction, at least the authorities were willing to communicate with all parties.

Many Members have cited examples, such as Singapore already having removed regulations and restrictions. In light of these problems, without any rigorous discussions in society to forge a consensus, and if once faced opposition from those vested interests and we then immediately back off, a lot of development would be impeded indeed.

However, this aspect aside, we also note that the Government has adopted a very closed mindset in response to the growingly active civic society and dealing with organizations formed by forces in the civic society. On the one hand, we say knowledge-based economy relies heavily on every individual in society to use their wisdom; and on the other, however, the Government, due to ideological and political issues, employs some very outdated legislation to suppress the civic society and the development of many civil groups.

Perhaps they consider the civic society an enemy of the regime. Could they have such a thought? A thriving civic society will threaten the powers vested in the Government. Is there such a possibility? We can examine the matter with two examples.

I think we all know that Hidden Agenda is a live house, where many underground musicians frequent. Currently the Places of Public Entertainment Ordinance regulates these performance venues. Concerts, operas, ballet performances, stage performances, etc. require Places of Public Entertainment licences applied in accordance with the Ordinance. But how many venues in Hong Kong hold such a licence? There are actually only 135 venues holding Places of Public Entertainment licences, 80 of which belong to Jumpin Gym USA and 36 to large exhibition facilities, community halls and schools. Large performance venues, such as the MacPherson Stadium and the Hong Kong Polytechnic University Jockey Club Auditorium, hold eight licences.

In 2009, the Government stated its wish to develop the cultural and creative industries as part of the six priority industries. Think about it: in a city with a population of 7 million, there are only eight large performance venues in the entire Hong Kong; is the Government contradicting itself? Why did the Government talk about developing the cultural and creative industries and nurturing more various cultural groups but not provide them with performance venues, and even impose restrictions on their rehearsal premises that are usually located in industrial buildings? How can we nurture the industries?

I believe the Government understands the reasons. To develop an industry, regulations and restrictions must be removed. Yet, unfortunately the Government fears that civic power will gain momentum and flourish.

As a matter of fact, culture is pivotal in the struggle against dictatorship and a closed mindset. Cultural symbols, cultural attachment and cultural resistance are all civic power and can create a ground for resistance against the Government. The Government has observed this very point and thus employed such outdated legislation to clamp down on civic activities.

For example, the Intercommon Institute had been suppressed and the means of suppression used by the Government was the Education Ordinance. A licence is required when the students attending a course reaches a specified number. However, in enforcing the law, law enforcement officials of the Education Bureau said the definition given in the Education Ordinance is rather ambiguous. The Intercommon Institute had made enquiries with the Education Bureau whether it met the requirements and initially received an affirmative reply, which later became negative. Why? The Intercommon Institute suspects that the Government does not favour circulation of wisdom in the civic society nor people's initiative to gather together. The knowledge people acquire and the information they obtain in the community seem not what the regime wants them to have. For this reason, the Government uses the Ordinance to restrict community-organized schools and the circulation of wisdom in the community.

Therefore, all in all, the Government said it needs to embrace the knowledge-based economy. However, under many circumstances, such a goal can only be achieved by the removal of regulations and restrictions, handling such outdated legislation and a thriving civic society. Nevertheless, there is an inherent contradiction, that is, the Government does not prefer the sturdy development of the civic society because of political or social factors. As a result, a dead knot has formed.

If the Government hopes to develop innovation and technology, it must remove regulations and restrictions so that civic power can blossom. I hope the Government can seriously review the current direction. *(The buzzer sounded)*

PRESIDENT (in Cantonese): Mr Nathan LAW, please stop speaking immediately.

MR JEREMY TAM (in Cantonese): President, I am now holding an unmanned aircraft that people often see, or a "drone" as we call it. People can notice the extensive use of unmanned aircraft over the past few years. Some people purely use them for leisure, filming video clips or viewing sceneries. Besides, the movie production industry also requires aerial videography technologies. Whether speaking of aerial filming or capturing car chase shots or scenes, drones are actually changing the movie production industry. Even the engineering sector is undergoing changes. For example, with the aid of a drone, one may now ascertain the conditions of sewage pipes or the degree of concrete spalling on external walls and spare the scaffolding works as required in the past. Therefore, drones are not only a product for leisure. Actually, they have been put to extensive uses. As for the drone market, it is now worth tens of billions of dollars globally.

Why do I have to talk so much about drones? How is it related to Hong Kong? Actually, I wonder if Members know that in the case of drones, the largest manufacturer is DJI, the manufacturer of the drone in my hands. It is a Mainland company headquartered in Shenzhen, and its founder is also a Mainlander. How is this related to Hong Kong? The founder of this company is Frank WANG, who was born in Hangzhou on the Mainland. In 2003, he enrolled on a postgraduate programme in The Hong Kong University of Science and Technology ("UST"). After graduation, he thought that drones might be an application product indispensable to global technological development in the future. For this reason, President, he applied for and was granted \$2 million from UST—the UST in Hong Kong—to help him start up his own business. The result shows that everything went smoothly for him, and the existing global value of DJI is estimated to stand at over US\$10 billion.

He received education and subsidies in Hong Kong, and his business is a huge success. But in the end, he opted to start up his business on the Mainland. Of course, people can say, "This is not correct. He actually set up a research and development team in the Hong Kong Science Park in 2015." But at the time, he had already made a huge fortune. I wonder if he did so because he had a bit of intention to make contribution to Hong Kong. Members can think about this. Hong Kong does not lack any resources or talents. Even though he is a Mainlander, he received education in Hong Kong after all. Why did he refuse to

start up his business in Hong Kong? If the result had been that he founded this brand under a company based in Hong Kong and started his business, it would have become a "Made in Hong Kong" brand attracting global spotlight. Why did we miss this opportunity? Obviously, he already came to Hong Kong, learnt the relevant technologies in Hong Kong, and even obtained loans in Hong Kong. But in the end, he founded his company on the Mainland.

In my view, the Government should not confine its efforts of developing innovation and technology to setting up funds without any follow-up, as in the case in the past. Why was he not required to set up his company in Hong Kong after obtaining loans? How many people realize that he learnt those technologies in UST? President, I find this example regrettable. I do not know how many such opportunities Hong Kong has missed over all these years. Speaking of drones, the efforts made by the Hong Kong Government are merely confined to imposing regulation. The reason is that drones may pose dangers to the public. This is also a fact which is absolutely agreeable to me because some users operate their drones in such a way that public safety may actually be endangered. However, the laws of Hong Kong must also be kept abreast of the times and must not cling to the mindset of a few decades ago. The Civil Aviation Department of Hong Kong has commissioned a study at long last to examine how the legislation of Hong Kong should be amended. But whether speaking of industries, light industries, new innovative ideas or new products, the Government's mentality is forever focused on the provision of funding on the one hand and the imposition of regulation on the other, without a third approach. How can we possibly strive for any development in this area?

Just now, I cited various examples as proof of the extensive use of drones and their increasingly wide usage, including spraying of pesticides in overseas farmlands and also fire fighting. Hong Kong can achieve all of these. But is Hong Kong determined to bring in such technologies? Hong Kong actually lags far behind others for the time being. Some may argue, "This is not correct. It is the Legislative Council that hinders the Government's amendment of legislation." But in the case of drones, nobody whosoever has hindered the Government's amendment of legislation. The first thing I did after joining the Legislative Council was proposing to amend the regulation on drones. It is

necessary for the Government to provide room for development and protect people's safety at the same time.

Members can look at South Korea. Its Government has designated a park where people may use and learn the skills of operating drones. At present, there is even a drone competition which resembles motorcar racing. It is called the FAI Drone Racing World Cup, a speed competition of drones. Every time, the championship or the first three or four positions are taken up by South Koreans. Why? Because the South Korea Government not only is willing to give support through its policies, but has also designated a site for use by drone users and conducted public education. This is why our development of innovation and technology suffers a so serious lag. He already came to Hong Kong, received education in Hong Kong and obtained loans in Hong Kong. But in the end, he founded his company called DJI on the Mainland.

MR LEUNG CHE-CHEUNG (in Cantonese): President, the motion on "Reforming outdated legislation and promoting the development of innovation and technology" under discussion today is extremely meaningful. As we all know, technology development, particularly the development of innovation and technology, is the leading sheep in economic development in society. If technology development of a place fares well, the place will definitely enjoy the best economic development in the world.

I would like to analyse the impact of technology development on Hong Kong in four aspects, particularly when Hong Kong was dubbed one of the Four Little Dragons in the past. In 2016, the World Economic Forum announced that Hong Kong ranked the ninth in technology development while Singapore ranked the second. The difference in rankings does not seem to be significant, for we all consider Singapore has been in the lead in technology development in Asia all along. Yet, Hong Kong was indeed regarded as the most advanced region a few decades ago. Since the establishment of the Innovation and Technology Fund in 1990, \$9-odd billion has been granted by 2015 to small and medium enterprises ("SMEs") applicants to pursue innovation and technology development. However, to date, Hong Kong is lagging behind Singapore. It is really inconceivable.

Let us look at our neighbouring countries and regions, including Korea, Singapore and Taiwan, and see how they develop their technology, particularly in the approaches they have adopted in developing innovation and technology. Take Korea as an example. In terms of legislation relating to technology development, they have introduced over 200 laws in the past few decades to control and regulate the relevant development, particularly intellectual property rights. As Mr MA Fung-kwok mentioned earlier, if Hong Kong continues to be caught in this lag or if our laws fail to protect intellectual property rights, many creations may be subject to piracy and many investors may thus stop pursuing development in Hong Kong, and the technology development in Hong Kong will thereby be plunged into the doldrums.

Last year, the authorities proposed amendments to the Copyright Ordinance, yet the opposition camp considered the legislation the "Internet Article 23" and started a filibuster, and the Amendment Bill could not be passed in the end. I think they should reconsider if they had been wrong in thinking so and whether regulation should be imposed on infringement activities. They should explain their case to the public on these issues.

Let us look at the case in Singapore. Singapore ranks the first among the Four Little Dragons this year for Singapore is the second major technology nation in the world. The development in Singapore in this aspect focuses on a number of areas. First, in the development of technology and research, they focus on the concept that their country should be founded on technology. Second, they focus on the close cooperation between universities and the industries, making the promotion of economic development as the priority in universities. There is one special point about their approach, that is, innovation and technology funds can be used for developing innovation and technology in universities independently. Third, they focus on the close cooperation between the Government and industries in technology development and research efforts. Fourth, the development is led by enterprises and guided by the Government. In this connection, I hope the Secretary will hear this most important point, that is, development is led by enterprises and guided by the Government, so the Government should refrain from making excessive intervention.

Regarding the successful development of Singapore, I think I need not say much. As for Taiwan, its development particularly the design of integrated circuits ("IC") and manufacturing of wafers is top-notch in the world. Though the development of Taiwan is behind Hong Kong, it is worthwhile for Hong Kong to learn from their success in this aspect.

In view of the importance of technology development, what can Hong Kong do? Particularly after the establishment of the Innovation and Technology Bureau last year, which means we have a leading department responsible for driving the technology development in Hong Kong—especially the development of innovation and technology. Mr Charles Peter MOK has mentioned the need to reform outdated legislation, and I have mentioned the necessity to deal with the copyright laws earlier. As for the need of reviewing other laws, I think the Secretary should drive the technology development in Hong Kong in a definite manner and put in more efforts in reviewing legislation.

Recently, I visited the Gerontech and Innovation Expo, an exhibition on the provision of technological services to the elderly. I noticed at the exhibition that Hong Kong has been quite successful in two aspects. First, I have tried the technology called "magic hand". President, I wonder if you have ever heard of this "magic hand". The "magic hand" is created by Hong Kong through technology research and development. Since patients suffering from stroke cannot perform physiotherapy on their own, the "magic hand" may guide them to do the physiotherapy and thus enhance their health. These products are created by the people of Hong Kong, yet the price is very expensive, amounting to a monthly rental of \$20,000. Hence, I hope the Government will provide significant subsidies to SMEs through the infun.hk, particularly for enterprises which have made achievements in innovation and technology. This is the only way to help Hong Kong scale new heights in innovation. I so submit.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR PAUL TSE (in Cantonese): It should be Mr CHAN Han-pan.

MR CHAN HAN-PAN (in Cantonese): President, this motion is "Reforming outdated legislation and promoting the development of innovation and technology". In fact, I think this is a most pressing task, especially as Hong Kong plans to develop into a smart city, and it is indeed necessary to update the existing regulations on the parking of vehicles.

The Government launched the study on developing a smart city in relation to the Energizing Kowloon East project last year and planned to complete in December last year the development of the mobile application, "Smart Parking", to provide real time parking information to drivers. But much to our regret, it was "all thunder but no rain", as the public remain unable to download this application so far, and the mobile application, "Hong Kong eRouting", of the Transport Department provides real time information on only 50 car parks for drivers to find out the availability of parking spaces in these car parks.

The current problems relating to parking can be attributed not only to a shortage of parking spaces, but also the poor circulation of information on parking spaces. As a result, when using most of the car parks, many drivers have no idea about the parking vacancies and they can only try their luck, for they can find out whether or not there are vacancies only when they arrive at the car parks. Such being the case, they have to drive around in search of parking spaces and if they cannot find any, they will have to wait in their cars and queue up in front of the car park. As a result, in some car parks there are parking spaces not taken up by vehicles whereas in some other car parks, there are drivers unable to find parking spaces for their vehicles. The traffic volume on roads will hence be increased substantially, and there are long queues of vehicles waiting outside car parks.

The idea of "Smart Parking" actually involves no technology issue. Owners or operators of car parks need only install a sensor at the entrance gate of their car park or install vehicle sensors at the parking spaces inside the car park and upload the relevant data onto the Cloud for public use. This is actually a most appropriate thing to do. But regrettably, under the existing legislation, car parks are not required to make public their parking vacancy data and so, car park operators would rather see long queues of vehicles outside their car parks to show that the shopping mall is very popular than to make public their parking vacancy data which could, in turn, lose a source of patronage to the shopping mall. In

this connection, the Government should start working on the legislation to make it possible for parking vacancy data to be circulated.

President, parking spaces are an example that shows that the updating of legislation in a timely manner can address many existing problems now. Currently, the land lease does not have a condition requiring shopping malls to make public information on their parking vacancies in a timely manner. Some people may question that as these are private properties, will it constitute infringement on privacy if they are forced to make public such information? However, this is actually a public issue, because the parking spaces are open to the public and everyone can use them as long as they pay a fee. But given the absence of this requirement in the existing regulations, the developers and even managers of the shopping malls are not obliged to provide such data, thus making it impossible for the Government's information platforms, such as "Smart Parking" and "Hong Kong eRouting", to access these big data.

Therefore, we suggest that the Government should first include a condition in the land lease to require developers of all future property developments with public parking spaces to provide the relevant data. Currently, when tenders are invited for land bids, this requirement is specified in some land leases but not in some others. It seems that this has yet been made a formal policy. In this connection, I would like to formally propose for the Government's consideration the inclusion of this requirement as a condition of land sale. This requirement specifically applies to the newly-built shopping malls. Then how should the old shopping malls be handled? As for the old shopping malls, the Government should enact legislation to require them to provide these necessary data. Therefore, I hope the Government can update the existing regulations at an appropriate time to resolve the problems.

Another aspect in need of updating is the Government's tender procedures. To promote technological development and facilitate the application of locally-developed technologies, it is most important that these technologies are used by the Government. However, sometimes the Government does not have a system to support the local technology industry in respect of technology application or in its policies. For instance, when inviting tenders, the Government may often set out some requirements, such as meeting certain international standards, but if a condition is included to require that locally-developed technologies be given priority, that may constitute a violation

of the World Trade Organization agreements. Such being the case, I hope the Government will consider including in the legislation some provisions to accord priority to locally-developed technologies. What is more, the Government can, in making financial provisions, impose a requirement that a certain percentage of the provisions must be spent per annum on procurement of local technology products for improvement in work processes and quality. All of these are some effective regulations and procedures, but as these requirements are not put in place now, certain difficulties are involved in the development of locally-developed technologies.

If the Government can formulate policies to support the development of innovation and technology, I believe the local technology enterprises will be able to secure orders on a timely basis. Insofar as technological development is concerned, in Hong Kong there are actually many people who are willing to engage in creation and better still, some people have already obtained patents for their products. But given that the Government does not have any comprehensive policies to provide them with support and enable them to secure sufficient orders, their products have ended up not being used by anyone. If our Government does not even use their products, how can they promote their products overseas? Therefore, I hope that in tandem with the updating of outdated legislation, the Government will also consider how it can set an example in order to promote the development of local creative and technology products, thereby ensuring that the products thus created can be put to proper use.

I also wish to express support for Mr Charles Peter MOK's original motion because he has proposed the updating of outdated legislation, and with respect to transport, in particular, I think the Government's attention is particularly warranted and this task is also easy to accomplish. I hope that the Government can start from the easy aspects.

MR PAUL TSE (in Cantonese): Certainly, President, we can look at technology from many perspectives. We may discuss a lot of matters, such as economic benefits and education. However, as far as the motion itself is concerned, it seems that Mr Charles Peter MOK has only focused on the constraints in law or the direction which should be taken. It can be regarded as a question about abolishing the old and establishing the new. In these few days, we have heard a lot of views, including the repeated mention of the expression "拆牆鬆綁"

(meaning removing regulations and restrictions) by the new Chief Executive yesterday. President, I have heard the speeches of many Honourable colleagues. Yet I am afraid that if we fail to grasp the true social cause behind the growth of this technological trend (including the concept of sharing economy), we may be unable to fully get hold of what old things need to be abolished and what new things need to be established in the existing legislation.

My point is, President, first of all, we have got to understand that basically, technological changes and advancements, as well as constant changes in social values and people's interactions, have given rise to the present problem which we need to face. Only then should we discuss what ancillary measures are required in terms of legislation and policy. President, the entire problem we now envisage, especially with regard to the concept of sharing economy, originates from the prevalence of online platforms, including various kinds of technologies, smart phones and the Internet. A lot of resources in society, such as housing, vehicles, articles, knowledge taught, domestic services, new products, drivers, etc. are left idle and thus not utilized fully. Thanks to the development of online platforms, we can do real time matching and distribute the resources among ourselves, that means the so-called sharing of resources.

President, the true cause behind all this is certainly the people's interactions, but it is also related to our economic development and social changes, including a new reflection by many people in society after the financial turmoil in 2008. We have become poorer, but how can we make better use of what we already have? We have also reflected on the concept and doctrine of consumerism. Our way of life has changed, too. In the past, we might have a strong desire for material satisfaction, but now the people, particularly the young, wish to have more freedom and room for creation. More importantly, they hold a new view on the concept of possession. Certainly, Members may also have noted some written works and the concepts mentioned in books, such as *What's Mine is Yours* by Rachel BOTSCHAN. Consequently, now we no longer talk about our desire to possess anything. In particular, what the young people talk about is their wish to have access and be able to have such access when needed. Such a concept has affected the whole society. Technology or the economy alone may not be able to give rise to such a big trend and drive us forward. Given the change in social values coupled with technological advancements, this trend arising from the people's interactions is the greatest current which we are really facing.

President, how should we deal with the matter? The law always lags behind the times. I certainly agree with the approaches proposed by various Honourable colleagues, but more importantly, I believe the Government needs to address this issue in various aspects. First of all, I certainly agree with Mr Charles Peter MOK's suggestion. The Government should change its attitude and stop sitting still, making a move only when it is pushed under pressure. Instead, it should proactively give appropriate and timely responses and even race ahead of the time in view of the change in the trend arising from the relevant values, technologies and interactions.

President, I suggest that the Government immediately set up a high-level committee. Certainly, we already have similar frameworks, such as the Law Reform Commission of Hong Kong ("LRC") which conducts studies on individual areas of law as and when appropriate. However, I am afraid LRC may not be extensive or high enough to examine the relevant laws and propose appropriate amendments in respect of this change in the trend. We may need to conduct inter-departmental or cross-discipline legal research.

During this process, President, it is essential for us to have communication with the relevant organizations in order to gauge the stakeholders' views. These stakeholders do not merely consist of the existing organizations with vested interests in the traditional industries—of course, their views are very important—but more importantly, some new pressure groups have emerged in society. I know that recently, an alliance relating to sharing economy is budding. I hope the Government will fully understand that this is an irresistible trend. The earlier it conducts consultations and grasps this trend, the better.

President, another point is that we need to make appropriate amendments in a timely manner. In this regard, I certainly understand that we should at the same time keep watch on the protection for traditional industries and consumers, and pay attention to the relevant statutory provisions. For example, the existing Trade Descriptions Ordinance and Unconscionable Contracts Ordinance have provided relatively broad protection. As regards protection for individual industries, the Travel Agents Ordinance, Employment Ordinance and Hotel and Guesthouse Accommodation Ordinance are examples of more specific ordinances which warrant attention.

To help the Government make progress on this front, we may consider adopting the approach similar to the one we use in conducting impact assessment for the Basic Law, the traffic or the environment. Every time we introduce a new policy or a new law, we will conduct an assessment. Similarly, can we conduct an IT (information technology) impact assessment with this kind of attitude and direction? Whenever there is a new policy or a new law, we should consider whether it will be more favourable to IT development or it will create more barriers. We should at least start with new legislation. When an opportunity arises, we should also remove the unnecessary regulations and restrictions from the old legislation and genuinely welcome the new trend. This is the truly meaningful direction in which this debate should be oriented.

DR FERNANDO CHEUNG (in Cantonese): President, first of all, I thank Mr Charles Peter MOK for moving the motion on "Reforming outdated legislation and promoting the development of innovation and technology". Our debate today and yesterday mainly focuses on leveraging on innovation and technology to create wealth, develop the economy and enhance Hong Kong's capacity in the market. Seldom have we talked about the application of technology in people's living. In fact, innovation and technology has a significant role to play in improving the life of the disadvantaged, such as people with disabilities and the elderly, or in medical and rehabilitation services. Assistive technology is precisely the study on how innovation and technology can help people with difficulties in moving around, speaking, swallowing, expressing themselves or even using computer or other new technologies.

This aspect was neglected in Hong Kong. The Government has been reluctant to invest huge resources in developing assistive technology over the years. For instance, although the Office of Government Chief Information Officer set up the Development of Assistive Technology for Persons with Disabilities Fund in 2010-2011 with a one-off funding of \$3.6, it was seven years ago and the funding amount was relatively small. We have almost never thought about using innovation and technology to help the disadvantaged in the past. I must point out that this is not only about monetary injection, but the attitude is as important.

I shall recount a story I heard at a seminar on assistive technology years ago. The story is about the personal experience of a speech therapist and a student with physical disability and spasticity. The student could not express himself when he first started school, as he could not speak at all, although he was

able to learn. Through the training by the language therapist and teachers, who assisted him in using the computer, he could use the trackball and type with a Chinese input method to express himself despite his physical difficulties. He was able to write a short essay upon graduation, although it took him a long time to do so. He communicated with others in this way. When someone wanted to talk with him, he could use the computer to give responses even though it took a longer time. After graduation, he was hired by a sheltered workshop for adults and stayed in the hostel. Five years later, the speech therapist met this former student on an occasion and found out that his computer was considered broken and could not be used anymore. The speech therapist checked his computer and realized that only the battery was damaged. So, he replaced the battery and the student could communicate with others again. The speech therapist asked a staff member how did this student communicate with others during those five years? How did he express what he wanted or not wanted to eat? How did he express his choices in daily life? How did he express the difficulties, agony and emotions he was experiencing? The staff member said: sorry, he was not able to communicate with others in the past five years. President, this story tells us that attitude is the key. We have the technology, even though it is not a very advanced one, but we can abandon it and completely ignore the disadvantaged.

A wide range of products were exhibited at the Gerontech and Innovation Expo cum Summit held about two weeks ago, including a bidet for bedridden elderly which automatically flushes and air-dries; and a 3D food printer which can help people with swallowing problems. There are a lot of high technologies, but how do we apply them? Are they really available for use? One is already considered lucky to be able to get a place in an elderly home given the long waiting list. We have developed many technologies. One of them allows wet beds to be detected immediately so that help can be called in instantly to change diapers for the elders. But has any elderly home used it? It is a technology developed in Hong Kong 10 years ago, but has it been used? No. High technologies are all exhibited but it is all finance-led. Private elderly homes are there to make money only, so asking them to spend \$100,000 on a bidet is a joke. Technology development is useless, no matter how innovative it is, as long as it cannot help society and improve the living of the disadvantaged.

Therefore, President, we should not focus merely on money when we talk about innovation and technology. We should also improve the quality of life for all. I hope more resources will be invested in developing assistive technology in the future. Thank you, President.

DR CHENG CHUNG-TAI (in Cantonese): President, before all else, I wish to thank Dr Fernando CHEUNG for steering the whole discussion and debate back to the right direction.

I have noticed some blind spots in the discussion over these two days, ones which require our rectification. First, whenever "innovation and technology" is mentioned, people will very often associate it with electronic products or online innovations. But as the disciplines of social sciences and social welfare understand it, the coverage of innovation and technology is actually very extensive, so extensive that hospitals (particularly rehabilitation institutions) may use technological products to remind health care personnel of patients' needs or changes in their physical conditions, just as Dr Fernando CHEUNG mentioned just now. We categorize all these under the scope of research in social robotics and social innovation. For these reasons, whenever we mention innovation and technology, we should not consider it as something related to the mobile phones or smartphones in our hands. Actually, the situation is not like this. Members' understanding of it should not be so narrow.

Second, as clearly pointed out by Dr Fernando CHEUNG a moment ago, innovation and technology is not purely about the pursuit of profits or net profits. But I wish to slightly correct his remarks. Actually, things will not work without profits. According to research in social innovation or social robotics, the absence of market profits as an incentive will render it impossible to attract innovators to this industry or promote social development. So, the ideal vision is to adopt innovation and technology as a means of improving the quality of life. What I am talking about is improving the quality of life rather than meeting basic needs of living. But the ultimate goal of promoting innovation and technology should not be the pursuit of profits. Market profits are an integral element capable of offering drive and an incentive only.

I believe my introduction is very clear. Innovation and technology requires people who are sensitive to social and market development. And, this motion now under discussion concerns the Government's roles. Why should we spend a long time on discussing the Government's roles in this debate? Because the Government has failed to perform its roles satisfactorily in the process, in the sense that it has failed to enact legislation and set up various types of systems for

the purpose of ensuring the sustainable, healthy, fair and transparent development of the innovation and technology market.

Let me give an example. Last year, the Innovation and Technology Commission ("ITC") introduced the Technology Voucher Programme ("TVP"). But TVP has aroused quite a lot reverberation in society. Why? Because past experience shows that in people's view, the Government and even ITC are unable to protect their inventions, especially the copyright of their inventions. Previously, there was a precedent. Members may not have a clear memory of it because it took place almost 10 years ago. At the time, the Government was involved in a lawsuit in which it was accused of using an innovative creation of a participant without the latter's permission—a laundry rack. So, the Government was sued. From this, we can see that if our existing legislation or frameworks are unable to maintain a healthy business environment for the innovation and technology industry, it will be utterly impossible to promote the development of innovation and technology. This is the first point.

Second, I must mention again a concept espoused by Dr Fernando CHEUNG just now. The Government should not go to the front line to develop innovation and technology. The reason is simple. It is because so doing will lead to competition with people for profits and occupy the room for market transformation and evolution. In that case, what should the Government do instead? The Government should put its focus back on universities and seek to cultivate a desirable milieu in universities. Let me give an example. Just now, Dr Fernando CHEUNG mentioned certain technological inventions 10 years ago, ones which might be related to Ah Bun. But I wish to point out that over the past few years, many zealous tertiary institutions and students have drawn on innovative technology and invented many devices (namely, social robotic devices) which are suitable for use in Hong Kong. But all along, the Government has failed to give them any serious attention.

Let me give two examples. Members all know that the living environment in Hong Kong is crowded with limited space. The front doors in most people's homes are narrow, not as wide as the entrances to the Chamber. So, wheelchairs which are bought in overseas countries are utterly unable to enter people's homes. Besides, many staircases are built in various places of Hong

Kong. Having seen all this, many students from different institutions tried to develop a wheelchair of width adjustable. Why? Because if a wheelchair was too narrow, it might face the danger of tumbling towards one side during use. But if a wheelchair was too wide, it might be unable to pass through narrow doorway. They realized that they might design a wheelchair capable of extending its width after getting through a doorway. But there was the balance problem. What should they do? Those students designed a wheelchair of adjustable width. But what was the result? It was not given any serious attention. Besides, some students invented a stair-climbing wheelchair without purchasing any related studies published in Japan or overseas countries. But in the eyes of the Government, it was not an electronic product invented by Steve JOBS, so it was not given any serious attention.

There is a more obvious example. Some people with special needs or the underprivileged may be unable to ... Let me put it the other way round. People in the health care circle or those whom we call in the "normal world" in Hong Kong do not know how to communicate with them, so they have to count on innovative technology. Some people designed a robot to help autistic children gradually learn how to communicate with people. What was the fate of this robot which was designed for use by autistic or aphasic children? The Government failed to formulate a statutory framework or draw up planning for the relevant industry. Even if it was developed by a university, it nonetheless turned into electronic waste as the Government was utterly unable to provide a market.

President, after all, the scope of this motion should not merely remain at the level of discussing Uber or bicycles. In my view, such a discussion is a bit unrealistic because grass-roots people or the general public may not care so much about whether Uber cars are comfortable. Once they see a vacant taxi, they will immediately get into it (*The buzzer sounded*) ... So, I hope that through this motion ...

PRESIDENT (in Cantonese): Dr CHENG Chung-tai, please stop speaking.

MR CHU HOI-DICK (in Cantonese): President, having listened to the speeches of Honourable colleagues in the Chamber these two days, I found out that they all followed a very similar pattern. President, they first cited many overseas examples to illustrate the wonderful development achieved by foreign countries, such as the United States, Europe, Singapore, Korea and Taiwan, contrasting with how much Hong Kong has lagged behind. They offered many examples, which I agreed with, but not many of them discussed the reason for Hong Kong's lag—not no one; some did—for example, Mr CHAN Kin-por gave one reason. Due to the opposition camp's filibuster, the motion proposed by the Government on the establishment of a Technology and Communications Bureau in 2012 could not be passed, leading to the situation, as suggested by XI Jinping, that "a traveller will find it hard to get a ride on a boat after leaving Suzhou".

I consider it necessary to discuss the reasons for Hong Kong falling behind other developed cities or countries, i.e. the related systems in Hong Kong. Reasons are indeed important, but certainly I do not agree with the one given by Mr CHAN Kin-por. I precisely wish to present a notion, that is, the functional constituency Members in the Legislative Council, such as Mr CHAN Kin-por, may well be the very reason for Hong Kong's failure of updating the related systems. Why did I say so? President, other Members have cited other places as examples, which I found to fall into two categories: case A is free and democratic countries and case B is autocratic capitalist regimes. I found that these two types of regimes have raced to the forefront of the development of innovation and technology. We often mention Shenzhen and complain about the Mainland but also think that they have done quite an impressive job in this respect. Why? The reason is simple: free and democratic countries and autocratic capitalist regimes alike have a will, and this will checks and balances some groups with vested interests. The Mainland calls its own shots and bureaucratic capitalism aspires to becoming one's own master.

However, what is the situation in Hong Kong? Hong Kong cannot do so, because the colonial governance system of Hong Kong was co-ruling. At the time, the colonial government attracted a group of capitalists and bankers to join the governance system. Initially, the Legislative Council was appointed as per the composition of the Executive Council, which subsequently became functional constituencies of the Legislative Council after the 1980s. Why did functional constituencies of the Legislative Council become an obstacle to the updating of systems? Because they are not just industries outside the governance system,

but also part and parcel of it. All proposed updates to the systems and legislative amendments, as suggested in the amendments of Dr Elizabeth QUAT and Mr YIU Si-wing, require a balance of stakeholders' interests to stand any chance of passage. Hence, when there is a need to balance the interests of stakeholders, people ask a question: where are the stakeholders? They are indeed right around us. We notice that in the discussion on every matter, such as Uber, the taxi industry will come here; if the subject is Airbnb, Mr YIU Si-wing will show up and express views. Then we realize that it is a problem embedded in the system. Therefore, we probably need to abolish functional constituencies before all else.

Second, functional constituency Members can do many things to prove that they are not like what I have said. We have just passed the Bank of Communications (Hong Kong) Limited (Merger) Bill introduced by Mr CHAN Chun-ying, which was handled as a private bill. Charles mentioned on the Internet that many pieces of outdated legislation need amendment, among which, as I have noticed, not all involve public expenditure. Therefore, so long as Members from the pro-establishment camp point out that some legislative amendments are related to government policies, I will seek consent of the Chief Executive and, in accordance with Article 74 of the Basic Law, exercise the power thereby bestowed on Legislative Council Members to introduce bills. Hence, Members of the pro-establishment camp who think that the development of Hong Kong is lagging behind others, please be more proactive and prove their worth.

Lastly, I would like to point out that in this discussion, Dr Fernando CHEUNG and Dr CHENG Chung-tai's speeches have given me some insights: other than merely catching up the lag in systems or reforming legislation, I find it even more necessary to reflect on what a world innovation and technology has brought us today; we have a serious lag even in such a discussion. Our discourse is, after much talk, if the system can be reformed, regulations and restrictions can then be removed; when funds are available, profits can be made, thus competitiveness can be enhanced and the economy can be improved. Such a pattern is fairly unidirectional. Mr Paul TSE has mentioned a very important facet, which is innovation and technology often helps us examine and review some very basic questions, such as what "owning" an object means, how humans can gain freedom, how different relationships can be built among people, etc.

Moreover, it is even more important to ponder over the question raised by Israeli historian HARARI, that is, the current development of artificial intelligence will give rise to massive unemployment. President, the problem is if the Government will not implement the elderly services and facilities advocated by Dr Fernando CHEUNG or universal retirement protection now, 30 years later, as technology and artificial intelligence have developed to such a level that massive unemployment is resulted, how will the Government treat these useless people? I believe, while we discuss innovation and technology, the discussion on the impacts produced by technological development is rather lacking, and so there is a greater need to make up for such an inadequacy and reflect on it. Thank you, President.

MR DENNIS KWOK (in Cantonese): President, it is certainly the stance of the Civic Party to demand immediate abolition of functional constituencies. However, like Mr CHU Hoi-dick said, Members returned by functional constituencies in our pro-democracy camp are indeed different. Why? Let me recap the situation of the Copyright (Amendment) Bill 2014 ("the Bill") in the Legislative Council back then. At that time some members of the legal sector requested me to support the Bill. Similarly, in Mr Charles Peter MOK's sector, some people—though a small number—forced him to support the Bill. In the end, however, we did not support the Bill.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

We did not support the Bill because we had considered that in terms of the overall public interest in Hong Kong, the relevant amendments were not only unable to help Hong Kong but also too conservative. Moreover, they tilted excessively to the interests of copyright owners with no regard to the overall situation in Hong Kong, especially the challenges and needs lying ahead in the development of innovation and technology in the 21st century. Hence, we did not merely listen to the views of some members of our sectors or yield to their pressure. We focused on the needs of the overall development of Hong Kong economy and innovation and technology. For this reason, we opposed the Bill.

Certainly, in opposing the Bill, we had to face the pressure from our sectors, but we endured such pressure. Hence, not every Member returned by a functional constituency will only listen to the views of his sector and disregard the overall needs of Hong Kong.

Back to the Bill. It seems to be Mr MA Fung-kwok who said just now that since we could not pass the Bill at that time, our present legislation is already outdated, so our innovation and technology lags behind others. This is in fact a specious argument. At that time there were several arguments over the Bill. Members may remember that they were open-ended fair use, user-generated content ("UGC") and contract override. The three amendments were proposed by us pro-democracy Members.

Why did we propose open-ended fair use? It is precisely because we wish to take the Copyright Ordinance forward to the 21st century so that innovation and technology, innovative industries and Internet companies can survive in Hong Kong more easily. Let me cite a simple example. The company Google can never be established in Hong Kong or any jurisdiction where the copyright law is outdated. Even the United Kingdom is unable to attract companies like Google because its copyright law does not provide any open-ended fair use exception. Former British Prime Minister David CAMERON had commissioned Prof HARGREAVES, a professor in this field, to compile a report and examine how to attract more innovation and technology companies to operate in the United Kingdom. As pointed out in the report, actually this kind of innovation and technology companies like Google can never be established in the United Kingdom because no such environment is available for open-ended fair use exception in the United Kingdom.

If Google, which was a small company back then, used a large amount of information on the Internet during its initial establishment, it might infringe on the users' right under the copyright law. However, given the provisions for open-ended fair use exception in the United States, the risks in law can be offset, and Google search with information on which other people may have copyright can continue to be conducted. That is why Google could develop further and lay its foundation.

Hence, even if the Bill was passed in Hong Kong, it would still lag behind the copyright law in other jurisdictions which are more advanced in this aspect. In fact, this is exactly the thrust of our argument at that time. I said that if any

amendment was to be made, it must genuinely lead the Copyright Ordinance into the domain of innovation and technology in the 21st century, rather than merely paying attention to the stakeholders' interests. Copyright owners certainly do not wish to have any terms formulated in relation to open-ended fair use, UGC and contract override because these will undermine their interests. But the problem is, their interests cannot override the overall interest in the development of the Hong Kong economy and innovation and technology.

This is exactly why we have queried the lack of power of the Secretary for Innovation and Technology, who is responsible for this field, to deal with the Copyright Ordinance and intellectual property rights law. If the Bureau is not responsible for dealing with intellectual property rights law, how can it address the needs of the prevailing development of innovation and technology? This is also our reason for asking the following questions at the Finance Committee meetings at that time: The Government says it needs to establish the Innovation and Technology Bureau, but why is a most important policy area, including such issues as the Copyright Ordinance and intellectual property rights, not within the ambit of this Bureau? As such, how can the Government ensure that our intellectual property rights law can catch up with the trend, cater to the challenges and complement the development lying ahead in Hong Kong?

Hence, this is greatly regrettable. If the Secretary really wishes to amend the existing Copyright Ordinance or intellectual property rights law to complement the development of innovation and technology, what can he do? It is actually not within the ambit of his Policy Bureau. For this reason, the first thing he needs to do is to get back this portfolio and place it under the purview of his Policy Bureau. Otherwise, every time the Government submits a bill on the Copyright Ordinance to this Council, it will have to take the vested interests of copyright owners into account. In that case, Hong Kong will never be able to move forward. Our Copyright Ordinance will always lag behind others. For this reason, the current-term Government cannot neglect this issue.

Thank you, Deputy President.

MR HOLDEN CHOW (in Cantonese): Deputy President, over the last couple of days, I have heard a number of Honourable colleagues mention that Hong Kong can no longer afford any lag, and that it must catch up with the global trend. A wide range of aspirations relating to a smart city, various technological

applications, our smartphones or even the so-called big data have clearly shown that we do hope the Government will assume a more active role, which not only keeps abreast of the times but also acts as a pioneer and even treads one step ahead of society, updating those outdated legislation as stated in the amendment proposed by Mr Charles Peter MOK today.

I see that the Government has been making some effort for some time, but honestly, it is actually still far from enough. Let me cite some examples. Now some people will jokingly say that we can simply go out without any money in the Mainland as all payments can be made by "WeChat Pay". As long as we have our mobile phone with us when we are out, we can basically make payments. Certainly, Hong Kong is still somewhat lagging behind others in terms of such a mode of payment.

Seeing that the Government granted 13 licences to some organizations offering new stored-value payment systems last year, I hope that in the future, it may recover lost ground and press on in this regard. Certainly, I also hope that the Government will keep going so as to catch up in this regard, and make sure that progress is made on such tasks.

Deputy President, I have come to learn from the Internet that in April 2016, *The Wall Street Journal* published an article on Singapore. At that time, it cited an example of Singapore and went on to say that Singapore would take forward an initiative involving material modifications, with integrated processing of some livelihood information of its people. The information collected will then be used for other purposes, including drawing up precautionary measures to prevent future spread of diseases, or even mapping out a counter-terrorism approach. All these are actually closely related to the data collected from the community.

Deputy President, I wish to talk about an issue which some Honourable colleagues have actually touched upon today. From this example of Singapore, we have come to realize the way in which information is used, integrated, gathered and processed has a pivotal role in future advancement of our society. Failure to achieve effective sharing of our information will certainly impede progress on this front. Certainly, we are also aware of the presence of relevant legislation, such as the Personal Data (Privacy) Ordinance, which serves to address regulatory issues relating to information sharing.

Deputy President, I wish to point out that more often than not, we need to balance the diverse views in the community. In the process of technological development or using big data in the future, or as far as integrated processing of social information is concerned, if we wish to achieve further progress, new initiatives may need to be proposed in this regard for discussion.

Deputy President, let me cite an example. Earlier on, my Honourable colleague from the Democratic Alliance for the Betterment and Progress of Hong Kong, Mr CHAN Han-pan, mentioned some information about car parks, such as the situation of parking spaces. A number of private shopping malls may not be willing to share such information, or even exhaust every means to avoid its disclosure. They are not generous in sharing information with others because honestly, competition does exist among various shopping malls. Hence, the issue of parking spaces mentioned by Mr CHAN Han-pan earlier has much to do with information sharing in some measure.

Deputy President, I only wish to talk about what I expect the Government to do in the future. I believe if we wish to promote the development of a smart city more effectively or achieve more effective use of innovation and technology, we need some breakthroughs in thinking about the use of information, the sharing of resources or the sharing of information, or else we may not be able to catch up with the global trend easily.

Deputy President, I hope the Government, including the Innovation and Technology Bureau and other Policy Bureaux, can respond to the call by Chief Executive Carrie LAM in this Question and Answer Session concerning this, breaking away with some old mentality and overcome the difficulties that we may encounter in the future with a ready mind to cut red tape.

Deputy President, I remain confident about our development of innovation and technology in the future, and hope the Government can demonstrate its determination to assume an active role and cut red tape with new thinking. In that case, I believe we can still catch up with the prevailing global trend.

Deputy President, I so submit.

MR ANDREW WAN (in Cantonese): Deputy President, after hearing the remarks made by Members yesterday and today, I notice that the remarks or stands of most of the Members are in agreement to a large extent. However, there are two mountains here—allow me to borrow this pet phrase of the new Chief Executive Carrie LAM. The first mountain is the Government and the second mountain is the industry. As regards the motion proposed by Mr Charles Peter MOK on "Reforming outdated legislation and promoting the development of innovation and technology", I thought not many Members would oppose it, yet I note that opposition comes mainly from the industry at hearing the remarks made yesterday and today. This in some measure reflects the problem of the system of the legislature. Deputy President, the present case immediately reminds me of the dispute aroused during the discussion on increasing the number of seats of public light buses. Both cases share a common root, that is, individual sectors put their own interest before the interests of the public and society as a whole.

In these two days, many Honourable colleagues have expressed different opinions and I agree with most of them. First, I consider that the Government often adopts the mentality of fear or avoiding mistakes in addressing or facing issues concerning innovation and technology, and it often hides itself behind the shield of law. The first thing the authorities consider is whether or not certain practices contravene the law. The Government must discard this conservative mentality. It should not always mix up the means with the ends, overlooking that laws are merely a means to the end in enforcement. Deputy President, laws are after all a means, am I right? Laws are drafted according to designated social purposes and changes of times. Hence, most of the laws, particularly the laws of this type, should be amended in response to the changes of times.

Yesterday, I noticed an argument advanced by Mr Alvin YEUNG, which had been pointed out by many in the past. It is about the expansion of the seating capacity of minibuses from nine seats to 14 seats and then from 14 seats to 16 seats, involving the legalization and regulation of the licensing of minibuses. This is an example we had experienced in the past. Though the change is not made as a result of technology but because of social advancement, we see that legislation needs to be amended when it fails to cope with the changes of the times.

In recent years, I have noticed that the Government has been caught in a lag in responding to innovation and technology, adopting a fearful and evasive attitude. I am most shocked by the Uber incident which we mentioned earlier

and I had expressed my views on this question in the past. However, the response of the Secretary for Innovation and Technology was dismaying. As the Secretary for Innovation and Technology, he considered Uber's operation unlawful and Uber's practice was wrong for it affected the interest of the industry. His response sent chills down my spine. Had he been a government official from the Transport and Housing Bureau, it might be understandable for him to have made those remarks, for he might have been using the conservative mentality I mentioned earlier. But since he is the Secretary for Innovation and Technology, it is really ludicrous for him to say that.

Deputy President, apart from the two mountains, the mentality of the Government and the resistance of the industry, which I mentioned earlier, I think, another cause of the problem is the fragmentation of responsibilities among government departments. I hope the new Chief Executive will work hard in this aspect. As she said yesterday, if important issues arise, she will instruct various Policy Bureaux to come together to discuss and find a solution to the problem. Take Uber and Airbnb as examples. Various Policy Bureaux are involved, including the Commerce and Economic Development Bureau, the Innovation and Technology Bureau, the Transport and Housing Bureau and the Home Affairs Bureau. Yet, each Policy Bureau will only focus on the laws within its policy area, for they do not want anything to go wrong in their purview. As in the recent case where the Development Bureau suddenly came forward to address the housing issue, why would this happen? It is precisely because the problem of subdivided units in factory buildings is serious, and a fire had broken out, so the Development Bureau became extremely anxious that accidents might happen in factory buildings within its purview. Hence, they proposed making the provision of subdivided units a criminal offence without giving any regard to the accommodation and rehousing of residents.

Deputy President, when the Government as a whole acts precisely along the same line in terms of mentality and behaviour in administration, how can we expect innovation and technology to take root in Hong Kong? Yesterday, Mr WU Chi-wai of the Democratic Party cited some examples in Hong Kong, such as food Apps must be subject to the relevant regulation for the catering industry. As for Uber and Airbnb, about which the public are concerned, these two enterprises are relatively famous worldwide. They are leading enterprises in the respective sectors in innovation and technology, yet they have to act stealthily when they establish their operations in Hong Kong. Deputy President, government departments have also acted stealthily. They just do not dare wipe

them out—to deal with them direct if it is put coarsely—but resort to repeated arrests of drivers of Uber. According to my rough survey, the Government will find these drivers every three to four months as sacrificial scapegoats. I think this may be kind of "meeting target". I wonder if it is like the practice of the Police in handing illegal or vice businesses in Hong Kong, where the Police will make regular arrests at nightclubs as a gesture of fulfilling its law enforcement duty. Is this the attitude adopted by the authorities? I really find this baffling.

Deputy President, I do not have much time left. In fact, we do not have much time in view of the situation and the prevailing trend. In my view, Mr YIU Si-wing and other Members speaking on behalf of their respective sectors have fulfilled their duties of defending the industries in their capacity as Members returned by functional constituencies. Yet, I hope that stakeholders of the industry, as well as the said Members, will also give regard to the overall interests of society in expressing their views. It is necessary to balance the interest of stakeholders, yet it should not be interpreted as protecting the vested interests. In my view, as long as the Government refuses to change its mentality and welcome the development of new technology, Hong Kong will continue to be lagging behind the trend.

Finally, I would like to sound an alarm to the Government by means of a group of figures. In 2013, it was indicated in a survey that the estimated worth of sharing economy worldwide was merely about USD\$3.5 billion. According to the estimate of PricewaterhouseCoopers, the trend of sharing economy will develop to be worth USD\$335 in global economy by 2025—Deputy President, that will be very soon. Do we want Hong Kong to be in a continual lag? Deputy President, I so submit.

DR JUNIUS HO (in Cantonese): Deputy President, I support the motion on "Reforming outdated legislation and promoting the development of innovation and technology" proposed by Mr Charles Peter MOK, for this must be done. It is a conviction shared by many Honourable colleagues and a common objective of all the people of Hong Kong.

Insofar as innovation and technology is concerned, the results achieved by its development are two-fold: First, it increases our economic benefits; second, it improves our standard of living. Regarding the first point, a number of Members have already talked about ways to make use of Uber, Google, and so

on, and as for the achievements made with respect to sharing economy in these examples, I will not make any repetition, yet I express my support for them. But I very much wish to talk about how our standard of living can be improved.

At present, in this general environment where we live, we are concerned about the quality of living and also the air quality. I am glad that the Motherland has ratified the Paris Agreement and made specific commitments to reducing its carbon dioxide emission, and Hong Kong will follow its footsteps. I am glad that the last-term Government highlighted the ways to optimize the use of renewable energy in paragraphs 133 and 134 of the Policy Address. In other words, we can make full use of solar energy and this will obviously bring improvements to our quality of living because we now rely quite heavily on fossil fuels, which involves the burning of coal or charcoal or the use of natural gas, and this will lead to a rise rather than a drop in the carbon emission. Therefore, the Government should first set an example by establishing a fund to study the promotion of using solar energy in various facilities of the Government and meanwhile, it is also necessary to encourage active participation by the community. What incentives can be offered to encourage active participation by the community? This is most important.

In April this year, we saw that the Government signed the new Scheme of Control Agreements with the two power companies. These are very good agreements for they not only enable the two power companies to enjoy a stable mode of work and operation but most importantly, it is specified that the two power companies are committed to reducing the carbon intensity in 2020 as the two power companies hope to achieve a reduction of 50%. If this could be truly achieved, it will certainly merit congratulations because in the current environment, we can see the Government putting forward such a policy and the two power companies taking part in reducing carbon emission. Such being the case, what do we need now? We need not only efforts from the Government and the commercial sector but also massive public involvement. Which legislation is holding us back now? The incentives that I mentioned just now certainly refer to financial ones. Of course, the two power companies may consider how much they will pay to buy back electricity under the Feed-in Tariff system and this can be a form of incentives. But in fact, the various laws and regulations governing the installation of solar energy facilities and the costs incurred by hiring professionals for the installation works are most important. These the Government cannot neglect.

Now I wish to talk about how various regulations and restrictions can be removed. In order for the reduction of carbon emission and utilization of renewable energy to achieve higher effectiveness, our building legislation must be simplified by all means. I understand that there is now the Building (Minor Works) Regulation (Cap. 123N) ("the Regulation"). The Regulation was amended in 2012 and covers some 130 works items. To undertake these works items, the professionals are required to submit documents to the relevant authorities to give an account of how the improvement works will be carried out. A notification has to be made at least seven days before commencement of the works and the works can commence if no objection is received from the authorities. While 2012 may not be too long a time ago, and compared with other legislation, improvement was already made to this Regulation expeditiously, but five years have passed and the world is ever changing. To tie in with the new developments nowadays, the Government should relax the applicability of the Regulation, so that the professionals can more expediently handle the installation of photovoltaic systems in the community. The biggest incentive lies in the removal of various regulations and restrictions. The Government can, under certain circumstances, relax the requirements in respect of gross floor area for the convenience of building owners, so that they can enjoy the relevant facilities while at the same time, improvement can be made to their living space.

These are the proposals that I wish to make specifically today. I support this motion because I wish to put forward some practicable suggestions on how to return wealth to the people so as to benefit them direct in their daily living, and the incentives offered to them should be easily understood, readily absorbed and effortlessly afforded by them. If these favourable conditions can be provided, it will definitely be helpful to promoting the existing renewable energy schemes.

Deputy President, I so submit. Thank you.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): Mr Charles Peter MOK, you may now speak on the amendments. The time limit is five minutes.

MR CHARLES PETER MOK (in Cantonese): Deputy President, I thank the 29 Members who have spoken on my motion, in particular, the seven Members who have proposed amendments. I generally agree with the contents of their amendments, and I shall speak on them now.

First, Mr Alvin YEUNG's amendment focuses mainly on sharing economy. He stated that the Government's priority should be to explore ways to remove barriers and provide assistance to sharing economy companies, rather than sticking to the old rut by protecting those vested interests and disregarding the genuine needs of the people. He suggested that rational discussions are necessary, which I think is very important. He also mentioned those vested interests, so did other Members. It is important that rational discussions must be open and fair when updating legislation, so as to avoid giving people an impression of being biased in favour of particular sectors.

(THE PRESIDENT resumed the Chair)

I also support the amendment of Mr Kenneth LEUNG who proposed the establishment of a sandbox system to give companies more flexibility in applying innovation and technology. The Hong Kong Monetary Authority has already introduced such a practice for financial technology, but it has yet to be implemented in other financial domains. The Government should draw on the experience and apply this practice to other industries or expand its application in the financial industry.

Mr YIU Si-wing's amendment is worded in a fair manner and a balance is struck between the interests of stakeholders and consumers. However, he referred mainly to the stakeholders of his sector in his speech, while often these industries are actually the high wall blocking innovation. Mr YIU also mentioned carpooling and homestay platforms. In fact, the problems in their development largely arise from the obstruction posed by companies with vested interests. Mr YIU might have misunderstood my original motion. I did not mean that relaxation of the laws is a must. They may be tightened after discussion, I am not sure. But discussions must be held in a rational and open manner in order to avoid giving people the impression that it is partial to those vested interests.

I would like to recommend a book on "disruptive innovation" published more than 20 years ago. I read this book a long time ago and my reflection was: if you do not revolutionize yourself, someone will revolutionize you soon. This is the message I would like to convey to the industry. I would like to remind them: please revolutionize yourselves, or else someone will snatch your jobs soon. Therefore, I hope there will be more rational discussions and a genuine balance can be struck.

I agree with Ir Dr LO Wai-kwok's amendment, which contains a lot of practical proposals. Some of the proposals, such as tax deduction, are quite specific. I believe there is still room for discussion, but I fully agree with the direction suggested by him.

Ms Claudia MO and Dr Elizabeth QUAT both mentioned cybercrime in their respective amendments. Ms MO and I are especially concerned about the provision on "access to computer with criminal or dishonest intent", on which we have expressed a lot of views over the years. We are also concerned about when the Crimes Ordinance will get out of the "black hole" of the Law Reform Commission and really undergo amendment.

Dr QUAT also mentioned countering cybercrime in her amendment. The wording used is fairly neutral, so I will support it. Ms Claudia MO also mentioned amending the Broadcasting Ordinance and the Telecommunications Ordinance. Revelant work is being carried out by the Government and we hope the Government can speed up the work in this regard.

Ms YUNG Hoi-yan mentioned providing stronger support and a development blueprint to the local game industry. Although I do not see what legislative obstruction the game industry is encountering at the moment, I agree with the direction suggested by her, as it is a good thing to have one more creative industry. However, if legislation is to be enacted in relation to this industry in the future, we should not follow the example of the Tencent's "King of Glory" incident in the Mainland two days ago when the game was suddenly suppressed by the Mainland Government in the midst of growth. A high degree of transparency must be maintained during the legislative process. Otherwise, I would advise companies such as Tencent to come here for development for the environment in Hong Kong may be better.

Thank you, President.

SECRETARY FOR INNOVATION AND TECHNOLOGY (in Cantonese): President, I thank Members for their views and suggestions. The amendments proposed by a number of Members and the speeches made by the other Members involve various policy areas. Having consulted the relevant Policy Bureaux, I wish to give focused responses on the following individual issues.

As mentioned in my opening remarks, the laws in Hong Kong are formulated for achievement of specific policy objectives. During the formulation of policies and laws, the Policy Bureaux will extensively consult stakeholders' views, consider all the factors, including the consumers' rights and interests mentioned by Mr YIU Si-wing and Mr Alvin YEUNG, and strike a balance. The Government will act on the basis of the overall and long-term interest of society and consider the relevant policies and laws in compliance with the proper procedures.

Both the amendments proposed by Ir Dr LO Wai-kwok and Dr Elizabeth QUAT hope that the Government will introduce more measures conducive to the development of the innovation and technology industry so as to complement the rapid development of digital economy and technologies. We very much agree with the view expressed by Dr Elizabeth QUAT on eID (electronic identity). The Innovation and Technology Bureau is conducting a consultancy study on digital certificates and will complete the report shortly, with a view to assisting the Government in formulating the policy relating to eID. The Special Administrative Region Government attaches great importance to the development of innovation and technology in Hong Kong. Since the establishment of the Bureau, we have injected more than \$18 billion for fostering the development of innovation and technology on various fronts, including encouraging research and development ("R&D"), promoting "re-industrialization", aiding start-ups and assisting small and medium enterprises in transformation. This year's Budget has also earmarked an additional sum of \$10 billion for further support for the development of innovation and technology.

Over the past two years, the Advisory Committee on Innovation and Technology led by me has reviewed the Government's strategy for promoting the development of innovation and technology. It has also drawn up specific recommendations and clear KPIs (key performance indicators), including raising the percentage of local expenditure on R&D in the Gross Domestic Product to 1%, and increasing the percentage of private sector expenditure on R&D from 44% to 55% by 2020.

Apart from enhancing the financial assistance for R&D activities, the Financial Secretary has announced the establishment of a tax policy unit in the 2017-2018 Budget. The Tax Policy Unit already commenced its work in April this year. The first research topic is the provision of further tax deductions for expenditure on R&D. The Bureau will complement the work of the Tax Policy Unit in the overall promotion of local R&D.

Ms YUNG Hoi-yan has mentioned the need to develop the game industry. We agree that e-sports is a new domain with potential for economic development. It can help promote the local game market and the application of innovative technologies. The Government has commissioned the Cyberport to explore the development of the latest technologies and related industries in respect of e-sports. E-sports is not a new industry. Rather, it is an innovation and technology industry which can succeed with the concerted efforts of all the stakeholders in its promotion in Hong Kong.

It is important to develop Hong Kong into a smart city. The consultant appointed by the Government already submitted a report at the end of last month. We will report the details to the Panel on Information Technology and Broadcasting next Monday (10 July).

Regarding open data, the Government releases public sector information in digital formats through the "data.gov.hk" portal, making such data which are closely related to the people's everyday life available for free re-use by the community at large. It encourages the development of innovative applications and solutions, brings more convenience and better quality of life to the community, and takes forward the development of digital economy. At present, the "data.gov.hk" portal provides several thousand datasets and application programming interfaces the number of which has been increasing. In view of the growing amount of information which contains geographical locations and the importance of geospatial information to smart city development, the "data.gov.hk" portal will include a new function at the end of this year to enable users to search for data within a specified geographical area, thereby enhancing the search function.

Moreover, the Development Bureau is studying the overall implementation strategy for the establishment of a Common Spatial Data Infrastructure. It will link up and integrate the spatial data of various departments and the whole territory, thus providing government departments as well as public and private

organizations with a platform for the integration and exchange of geospatial information.

Ir Dr LO Wai-kwok requests the Government to relax restrictions at the planning level and increase the number of sites for the innovation and technology industry. In this connection, the Development Bureau has all along endeavoured to work in line with the Government's policy objective of developing innovation and technology in terms of planning and utilization of land resources.

The Town Planning Board has expanded the scope of always permitted use in industrial buildings and industrial-office buildings located in "Industrial" and "Other Specified Uses (Business)" zones to include such uses as "information technology and telecommunications industries" and "research, design and development centre". Examples are: laboratory, inspection and testing centre; data centre; computer/data processing centre; research, design and development centre; and workshop of high technology products. In other words, there is no need to apply for separate planning permissions for these uses.

Since the Government implemented the two concessionary measures in June 2012 to encourage the conversion of industrial buildings into data centres and the development of high-tier data centres on industrial land, there have been good responses from the industry. The Government has also implemented a new measure since 1 February 2016 to waive the payment of waiver fees for testing and calibration laboratories operating in industrial buildings. This measure facilitates the operation of calibration laboratories in industrial buildings and provides such laboratories with more options of operating locations in the market.

Regarding financial technologies ("Fintech"), now there are more than 180 Fintech enterprises in the Cyberport. They are the vital force of innovation and technology in Hong Kong. With regard to regulation and legislation, the Payment Systems and Stored Value Facilities Ordinance commenced full operation in 2016. The 13 stored value facility operators who have been issued with licences are actively launching or enhancing their services in accordance with their business plans.

The Hong Kong Monetary Authority ("HKMA"), the Securities and Futures Commission and the Insurance Authority have respectively set up a dedicated Fintech platform to enhance the understanding of the Fintech industry of the regulatory environment in Hong Kong.

Moreover, HKMA introduced the "Fintech Supervisory Sandbox" last year to allow the banks to apply new technologies on a pilot basis, thereby reducing their lead time for launching innovative products. As at last month, eight banks have conducted pilot trials of 18 Fintech products through the Sandbox. Among them, the pilot trials of 10 products have been completed smoothly, and the products are being launched on the market gradually.

Many Members have mentioned in their speeches matters in the transport area. There is indeed a considerable demand in society for personalized point-to-point public transport services of better quality. The study conducted by the Transport and Housing Bureau on the introduction of franchised taxis exactly aims at addressing this demand. The franchised taxis will operate through a franchise model so as to resolve the limitations of the existing mode of taxi operation in ensuring service quality long term. The new service, with the "online hailing" feature, can be booked via mobile phone applications.

The Government holds an open attitude towards the use of different applied technologies, including car hailing through the Internet or mobile applications. However, the interests and safety of passengers and other road users must be taken into account when new technologies or platforms are used.

We have also noted that bicycle-sharing has recently become common at different places. The Government's transport policy is based on public transport and seeks to reduce reliance on private cars. At the same time, it promotes walking and cycling for short-distance commute of the "first mile" and "last mile" between public transport stations and living places or offices. The Government encourages the provision of bicycle rental services in the community and agrees that it will help foster the policy objective of "green travelling". The crux of the relevant services lies in whether there are suitable spaces for placing these newly provided shared bicycles. The Government will pay close attention to the operation of bicycle rental services in various districts.

Moreover, the Government is now conducting a review of the Broadcasting Ordinance and the Telecommunications Ordinance. The Commerce and Economic Development Bureau has just reported to the Panel on Information Technology and Broadcasting of the Legislative Council on the relevant issues last month.

The Security Bureau has noted that Members hold different views on the existing legislation against cybercrime. The Law Reform Commission of Hong Kong is planning to review the laws relating to cybercrime. The Government will also keep in view the development in this regard.

Mr LEUNG Yiu-chung, Mr LEUNG Che-cheung and Dr Fernando CHEUNG have mentioned the problem of the elderly which is well worth our concern. As a matter of fact, the Bureau has all along been proactively promoting the use of innovation and technology to achieve healthy ageing. The Innovation and Technology Fund for Better Living of \$500 million launched by us in May precisely serves to encourage innovation and technology projects which can address different social problems, including those related to the elderly.

Certainly, many innovation and technology projects warrant cross-bureau coordination. As stated by the Chief Executive yesterday, the Policy Bureaux will respectively review the policies or laws in their policy areas. During the process, the Bureau will provide advice and assistance in respect of innovation and technology, and actively participate in the discussions to promote the development of innovation and technology in Hong Kong.

Let me reiterate that the rule of law and innovation and technology are not contradictory to each other. Legislation is an interactive process which requires the interested parties to discuss the merits and demerits involved and determine whether it is necessary and how to amend the relevant laws. On the premise of respecting the proper procedures and the spirit of the rule of law, we will act on the overall and long-term interest of society and continue to work with the Legislative Council and various sectors of the community to ensure that the policies and laws are abreast of the times. During the debate yesterday and today, Members have proposed which laws need reform. The Bureau will consolidate the relevant suggestions and refer them to the relevant Policy Bureaux for consideration.

President, I so submit.

PRESIDENT (in Cantonese): I now call upon Ms YUNG Hoi-yan to move her amendment.

MS YUNG HOI-YAN (in Cantonese): President, I move that Mr Charles Peter MOK's motion be amended.

Ms YUNG Hoi-yan moved the following amendment: (Translation)

"To add ", as many countries and regions in the world have allocated an enormous amount of resources to the proactive development of innovation and technology," after "That"; to add "to support the development of related industries" after "afresh"; and to add "given that innovation and technology can promote the development of the game industry, the Government should expeditiously formulate a policy on the development of this industry, determine the policy bureau to be in charge of industry coordination and provide a clear blueprint for the long-term development of the local game industry;" after "with the times;"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Ms YUNG Hoi-yan to Mr Charles Peter MOK's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Members have already been informed, as Ms YUNG Hoi-yan's amendment has been passed, Ms Claudia MO and Mr YIU Si-wing have withdrawn their amendments.

PRESIDENT (in Cantonese): Ir Dr LO Wai-kwok, as Ms YUNG Hoi-yan's amendment has been passed, you may move your revised amendment.

IR DR LO WAI-KWOK (in Cantonese): President, I now move that the motion as amended by Ms YUNG Hoi-yan be further amended by my revised amendment.

I have not retained my amendment to the preamble as found in my original amendment. But I have retained the core proposals in my original amendment and correspondingly made a necessary textual amendment. In my speech yesterday I already explained the underlying grounds for those proposals. And I also believe those proposals can help induce further thoughts on this issue today. I now propose this revised amendment, and implore Members to render it their support.

Ir Dr LO Wai-kwok moved the following further amendment to the motion as amended by Ms YUNG Hoi-yan: (Translation)

"To add "; specific proposals include: (1) in regard to implementing various key performance indicators proposed in the Report of the Advisory Committee on Innovation and Technology, formulating specific policies and measures and conducting timely reviews of them; (2) requiring the tax policy unit to expeditiously make specific proposals for tax deductions for innovation and technology activities, including the provision of triple tax deductions for expenditures on research and development and design, so as to promote the development of innovation and technology; (3) while maintaining market stability, removing various regulations and restrictions for financial innovation and providing relevant legal advice and technical support for financial services enterprises, so as to assist the industry in the development and effective use of financial technology products and services; (4) including in the government procurement and tender mechanisms the requirement of promotion of

technological development and increasing the weighting of this requirement in the overall score, so as to encourage enterprises to promote the development of innovation and technology; (5) using innovation and technology to make planning for transport, healthcare, environmental protection, elderly services, etc., in order to expeditiously put forward a specific blueprint for the development of a smart city; (6) reviewing outdated legislation and restrictions on the vetting and approval of amendments to land use as an endeavour to increase the supply of sites for data centres, testing and certification as well as other innovation and technology sectors, so as to promote the development of the innovation and technology industry; and (7) amending the scope of information provided by the Government as defined in the Code on Access to Information and using technology to make a detailed categorization of government information while stipulating requirements for the format and time of dissemination of information, so that various industries can make use of the relevant information to develop high-technology products" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ir Dr LO Wai-kwok's amendment to Mr Charles Peter MOK's motion as amended by Ms YUNG Hoi-yan be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Dr YIU Chung-yim rose to claim a division.

PRESIDENT (in Cantonese): Dr YIU Chung-yim has claimed a division. The division bell will ring for five minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr POON Siu-ping, Mr CHUNG Kwok-pan, Mr HO Kai-ming, Mr Holden CHOW, Mr SHIU Ka-fai, Dr Pierre CHAN, Mr CHAN Chun-ying and Mr LUK Chung-hung voted for the amendment.

Mr LEUNG Yiu-chung, Mr SHIU Ka-chun and Dr YIU Chung-yim voted against the amendment.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Alvin YEUNG, Mr Andrew WAN, Dr Junius HO,

Mr LAM Cheuk-ting, Mr Wilson OR, Ms YUNG Hoi-yan, Ms Tanya CHAN, Mr CHEUNG Kwok-kwan and Mr HUI Chi-fung voted for the amendment.

Mr LEUNG Kwok-hung, Dr Fernando CHEUNG and Mr CHU Hoi-dick voted against the amendment.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr CHENG Chung-tai, Mr Nathan LAW and Dr LAU Siu-lai abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 19 were in favour of the amendment and 3 against it; while among the Members returned by geographical constituencies through direct elections, 31 were present, 23 were in favour of the amendment, 3 against it and 5 abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

MS STARRY LEE (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Reforming outdated legislation and promoting the development of innovation and technology" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Starry LEE be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Reforming outdated legislation and promoting the development of innovation and technology" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Dr Elizabeth QUAT, as the amendments of Ms YUNG Hoi-yan and Ir Dr LO Wai-kwok have been passed, you may move your revised amendment.

DR ELIZABETH QUAT (in Cantonese): President, I move that Mr Charles Peter MOK's motion as amended by Ms YUNG Hoi-yan and Ir Dr LO Wai-kwok be further amended by my revised amendment.

Dr Elizabeth QUAT moved the following further amendment to the motion as amended by Ms YUNG Hoi-yan and Ir Dr LO Wai-kwok: (Translation)

"To add "; this Council also urges the Government to further study opening up spatial data conducive to people's livelihood and facilitating economic development; in tandem with the enactment of legislation suited to the era

of digital economy, the Government should also make adequate preparations for countering threats of cybercrime by, among others, conducting a review of the relevant legislation and policies and study the introduction of electronic identity for individuals and electronic business registration that carry legal effect, so as to protect the legitimate rights and interests of the public and enterprises" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr Elizabeth QUAT's amendment to Mr Charles Peter MOK's motion as amended by Ms YUNG Hoi-yan and Ir Dr LO Wai-kwok be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Dr Elizabeth QUAT rose to claim a division.

PRESIDENT (in Cantonese): Dr Elizabeth QUAT has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr Frankie YICK, Mr YIU Si-wing, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr HO Kai-ming, Mr Holden CHOW, Mr SHIU Ka-fai, Dr Pierre CHAN, Mr CHAN Chun-ying and Mr LUK Chung-hung voted for the amendment.

Mr LEUNG Yiu-chung, Mr SHIU Ka-chun and Dr YIU Chung-yim voted against the amendment.

Mr Dennis KWOK abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Andrew WAN, Dr Junius HO, Mr LAM Cheuk-ting, Mr Wilson OR, Ms YUNG Hoi-yan, Mr CHEUNG Kwok-kwan and Mr HUI Chi-fung voted for the amendment.

Mr LEUNG Kwok-hung, Ms Claudia MO, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Dr CHENG Chung-tai, Mr Nathan LAW and Dr LAU Siu-lai voted against the amendment.

Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Mr Alvin YEUNG and Ms Tanya CHAN abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 18 were in favour of the amendment, 3 against it and 1 abstained; while among the Members returned by geographical constituencies through direct elections, 29 were present, 18 were in favour of the amendment, 7 against it and 4 abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Members have already been informed, as Dr Elizabeth QUAT's amendment has been passed, Mr Alvin YEUNG has withdrawn his amendment.

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, as the amendments of Ms YUNG Hoi-yan, Ir Dr LO Wai-kwok and Dr Elizabeth QUAT have been passed, you may move your revised amendment.

MR KENNETH LEUNG (in Cantonese): President, I move that Mr Charles Peter MOK's motion as amended by Ms YUNG Hoi-yan, Ir Dr LO Wai-kwok and Dr Elizabeth QUAT be further amended by my revised amendment which mainly focuses on financial technology and extending the "supervisory sandbox" to other start-ups. Thank you.

Mr Kenneth LEUNG moved the following further amendment to the motion as amended by Ms YUNG Hoi-yan, Ir Dr LO Wai-kwok and Dr Elizabeth QUAT: (Translation)

"To add "; the Government should also set up a 'sandbox' system to allow enterprises to apply innovation and technology in a more flexible manner" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Kenneth LEUNG's amendment to Mr Charles Peter MOK's motion as

amended by Ms YUNG Hoi-yan, Ir Dr LO Wai-kwok and Dr Elizabeth QUAT be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Mr Paul TSE, do you wish to cast your vote?

(Mr Paul TSE cast his vote)

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK,

Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr HO Kai-ming, Mr Holden CHOW, Mr SHIU Ka-chun, Dr Pierre CHAN, Mr CHAN Chun-ying, Mr LUK Chung-hung and Dr YIU Chung-yim voted for the amendment.

Mr Tommy CHEUNG, Mr Frankie YICK, Mr CHUNG Kwok-pan and Mr SHIU Ka-fai voted against the amendment.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Alvin YEUNG, Mr Andrew WAN, Mr LAM Cheuk-ting, Mr Wilson OR, Ms YUNG Hoi-yan, Ms Tanya CHAN, Mr CHEUNG Kwok-kwan and Mr HUI Chi-fung voted for the amendment.

Mr LEUNG Kwok-hung, Dr Fernando CHEUNG and Mr CHU Hoi-dick voted against the amendment.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr Junius HO, Dr CHENG Chung-tai, Mr Nathan LAW and Dr LAU Siu-lai abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 19 were in favour of the amendment and 4 against it; while among the Members returned by geographical constituencies through direct elections, 31 were present, 22 were in favour of the amendment, 3 against it and 6 abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Mr Charles Peter MOK, you still have 15 seconds for your reply. Thereafter, the debate will come to a close.

MR CHARLES PETER MOK (in Cantonese): The Secretary said that the rule of law and innovation and technology are not contradictory to each other, which I notice is subtly different from the position of the previous-term Government. The Secretary indicated that policy objectives need to be met. In fact, the promotion of innovation should be a priority policy objective. We will have to rely on him to promote this and knock down the mountains in the Government and in the industry.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Charles Peter MOK, as amended by Ms YUNG Hoi-yan, Ir Dr LO Wai-kwok, Dr Elizabeth QUAT and Mr Kenneth LEUNG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr WONG Ting-kwong, Ms Starry LEE, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan, Mr HO Kai-ming, Mr Holden CHOW, Mr SHIU Ka-fai, Mr SHIU Ka-chun, Dr Pierre CHAN, Mr CHAN Chun-ying and Mr LUK Chung-hung voted for the motion as amended.

Mr LEUNG Yiu-chung voted against the motion as amended.

Dr YIU Chung-yim abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Ms Alice MAK, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan, Mr Alvin YEUNG, Mr Andrew WAN, Dr Junius HO, Mr LAM Cheuk-ting, Mr Wilson OR, Ms YUNG Hoi-yan, Ms Tanya CHAN, Mr CHEUNG Kwok-kwan, Mr HUI Chi-fung and Dr LAU Siu-lai voted for the motion as amended.

Mr LEUNG Kwok-hung voted against the motion as amended.

Ms Claudia MO, Mr CHAN Chi-chuen, Dr Fernando CHEUNG, Mr CHU Hoi-dick, Dr CHENG Chung-tai and Mr Nathan LAW abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 24 were present, 21 were in favour of the motion as amended, 1 against it and 1 abstained; while among the Members returned by geographical constituencies through direct elections, 31 were present, 24 were in favour of the motion as amended, 1 against it and 6 abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion as amended was passed.

PRESIDENT (in Cantonese): Debate on motion with no legislative effect.

The motion debate on "Establishing a universal retirement protection system".

Members who wish to speak on the motion will please press the "Request to speak" button.

ESTABLISHING A UNIVERSAL RETIREMENT PROTECTION SYSTEM

PRESIDENT (in Cantonese): I will call upon Mr LEUNG Kwok-hung to speak and move the motion.

However, Mr LEUNG, before you speak, please remove the biggest placard that is placed on your desk because it blocks my vision and I cannot see you.

MR LEUNG KWOK-HUNG (in Cantonese): It is alright, President. I can hold it in my hand.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please speak.

MR LEUNG KWOK-HUNG (in Cantonese): A Member's motion has just been passed, and it requested the Government to amend outdated legislation for the development of innovation and technology. I opposed this motion, but to no avail. I hope the motion I propose now will share the same fate: despite the opposition it will be passed eventually.

I have read the amendments proposed to my motion. Other than the amendment proposed by the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB"), which I found very ridiculous, I welcome the amendment proposed by the Hong Kong Federation of Trade Unions. I hope they will think about whether they can secure enough votes to pass the amendment. Secondly, I remind Honourable colleagues who will propose amendments not to venture too far away from the Chamber because my speech at this stage will not be too long.

President, I made the following remark during the filibuster on the Budget on 23 May 2014: "Chairman, it is definitely a tragedy that the elderly cannot afford their meals and living. Yet when a society or the majority of society allows them to live such a life, it is an even greater tragedy." This tragedy has persisted for three years.

Carrie LAM came to the Legislative Council and said she wanted to communicate with us. I give her four things: "The feeling of commiseration is the principle of benevolence. The feeling of shame and dislike is the principle of righteousness. The feeling of modesty and complaisance is the principle of propriety. The feeling of approving and disapproving is the principle of knowledge."

"The feeling of commiseration", needless to say, means when you see someone in such pain that he cannot rid himself of it, you would want to help him get rid of the pain, just as when a child is falling into a well you would pull him up. From it "the feeling of modesty and complaisance" is induced. When someone fails to do something, please leave. Then it gives rise to the fact that "the feeling of shame and dislike is the principle of righteousness" ... Pardon me, I said it wrong. "The feeling of modesty and complaisance is the principle of propriety". If someone feels uneasy having failed to do something, just as the powers that be fail to liberate the elderly or those in excruciating pain, please leave. "The feeling of approving and disapproving is the principle of knowledge". It means that we need to know right and wrong.

President, I do not intend to continue speaking because I wish to save my speaking time for making responses at the last juncture. I say again that I have no so-called enemy. I hope all amendments to my motion—except the one proposed by DAB—will be passed. I am indifferent to victory or defeat. Therefore, I shall stop now and move the motion, intending to make a blow-by-blow response in my final reply.

Mr LEUNG Kwok-hung moved the following motion: (Translation)

"That according to the information of the Census and Statistics Department, the Gini Coefficient in 2016 was 0.539, reflecting the severity of the disparity between the rich and the poor; the Hong Kong Poverty Situation Report 2015 released by the Commission on Poverty last year pointed out that the number of elderly people of Hong Kong living in poverty rose continuously, reaching 300 000 in 2015, indicating that the social security system introduced by the Government for the elderly was ineffective and full of flaws and loopholes; the assistance provided to the elderly under the Comprehensive Social Security Assistance Scheme has long been a subject of criticism, while the Mandatory Provident Fund ('MPF') schemes have offered no protection to over 600 000 family carers, and public annuities proposed by the Government are merely investment products, the risks of which will be solely borne by individuals; after the study of the retirement protection system earlier on, the consultancy team led by Professor Nelson CHOW proposed the establishment of a non-means-tested universal Demo-grant; a public consultation on retirement protection conducted by the Government was concluded last year, and various opinion surveys and public consultation forums indicated that most members of the public supported the establishment of a non-means-tested universal retirement protection system with tripartite contributions from employees, employers and the Government and funded by higher profits tax levied on consortia, but the Government has all along evaded the follow-up actions of this proposal; in order to protect the retirement life of members of the public, this Council urges the Government to:

- (1) implement the establishment of a non-means-tested universal retirement protection system with uniform payment, and the new-term Government should respond to this proposal in its first policy address; set up an inter-departmental committee led by the Chief Secretary for Administration and the Financial Secretary, and invite various stakeholders to hold discussions on issues such as the financing options and financial arrangements for universal retirement protection;
- (2) increase the provision of \$50 billion mentioned in the 2015-2016 Budget for retirement protection for the elderly to \$100 billion, to be used as start-up funds for the establishment of a universal

retirement protection system, and ensure that the provision will not be used to optimize the Old Age Living Allowance or offset severance payments and long service payments;

- (3) make improvements to the MPF system, including abolishing the arrangement of using the accrued benefits derived from employers' MPF contributions to offset severance payments and long service payments, while ensuring that employees' existing severance payment and long service payment benefits will not be reduced; and
- (4) make public the estimates of expenditure on various means-tested elderly assistance schemes to be fully funded by the Government over the next 50 years, including the Higher Old Age Living Allowance, Old Age Living Allowance, Old Age Allowance, and Comprehensive Social Security Assistance."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr LEUNG Kwok-hung be passed.

PRESIDENT (in Cantonese): Three Members will move amendments to this motion. Council will conduct a joint debate on the motion and the amendments.

I will call upon Members who move the amendments to speak in the following order: Mr LEUNG Che-cheung, Mr KWOK Wai-keung and Mr Alvin YEUNG; but they may not move amendments at this stage.

MR LEUNG CHE-CHEUNG (in Cantonese): President, the retirement issue has been discussed in Hong Kong for quite a while. It has been five years since I joined the Legislative Council, during which this issue has always been a hot topic. One of the reasons is that the Hong Kong population has started ageing. The number of elderly people living in poverty has increased instead of decreasing.

In 2011, the population aged 65 or above in Hong Kong was only 900 000. In 2016, it rose to 1.17 million. Many elderly people have fallen into poverty

because they have no income after retirement. The Commission on Poverty ("CoP") released its report last year. The number of poor elderly people reached 300 000. The Gini Coefficient recently released by the Census and Statistics Department even reached 0.539. One of the reasons is related to the growth of the elderly population in poverty.

Here, let me leave aside the question of whether the Gini Coefficient and the poverty line have ignored or concealed the assets of the elderly. However, in such a metropolis as Hong Kong which has repeatedly ranked high in terms of its economy, a wealth gap has appeared. One cannot but find it lamentable. Why are the people and the elderly living in such a miserable state in Hong Kong?

Another reason is the failure of the Mandatory Provident Fund ("MPF") System to produce the desired effects. Regarding how the MPF offsetting arrangement has weakened MPF's protection, my party comrade will speak on this issue later. The point I wish to raise here is that the MPF System only covers wage earners. People not engaged in the labour market cannot be benefited at all. Moreover, very often, the older employees will only make contributions for a short period. For this reason, as far as they are concerned, MPF can hardly serve its functions. In addition, the mandatory MPF contribution rate is only 5%. To many people, this is like a piece of chicken rib which is tasteless but not bad enough to discard. No wonder every time when universal retirement protection is discussed in society, we feel indignant and expect to have a better system of protection in the future.

The retirement issue has been under continuous discussion in society. Different organizations, political parties and groupings and scholars have actively put forward different proposals. The atmosphere of discussion in society is unprecedentedly enthusiastic. In addition, the Government is willing to respond and has made a proposal through CoP, thus pushing the heated discussion in the community with greater vigour. Yet retirement protection is not a short-term policy. Rather, it is an important and complicated public policy which is not only concerned with the present generation but also closely related to the future generations with far-reaching impacts. It is imperative that the Government conduct an in-depth study with careful considerations. This is understandable.

In our view, an ideal form of retirement protection should benefit all people. In other words, regardless of what jobs the elderly did in the past and to

which classes they belong, we should strive to protect their livelihood in their twilight years so as to repay the elderly for their contribution to Hong Kong over the years and manifest the Government's commitment to and basic responsibility of looking after the elderly. For this reason, the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") has all along advocated that retirement protection should be universal. It absolutely cannot just take care of some people to the neglect of others.

During the implementation of universal retirement protection, will a uniform payment be able to take care of the poor elderly? Our society consists of different classes of people. Some elderly people have several flats for earning rental income and can take overseas vacations every year after retirement. Some others at the grass-roots level only live on their meagre savings, the Old Age Allowance ("OAA"), the Old Age Living Allowance ("OALA") or the like every day. According to the information of the Social Welfare Department, the number of such elderly people is 400 000-odd, accounting for nearly half of the elderly in Hong Kong. If we hand out a uniform payment, it may be just some extra money for two or three meals for those elderly people who have several flats for earning rental income. However, if we redistribute the money based on the degree of poverty of the elderly, taking one or two thousand dollars from the rich elderly and giving it to the poor elderly instead, it can help alleviate the latter's hardship. In that case, the additional \$2,000 received will become meaningful.

Hence, should the retirement protection system distribute money according to needs so that the more needy will receive more, or hand out a uniform payment so that everyone, rich or poor, will receive the same allowance? In this regard, DAB stands by the side of relieving the poor. We insist that the principle of "distribution according to needs and proper uses" should be adopted. In fact, we have always doubted at what level the uniform payment should be set in order to afford the elderly sufficient protection for their living. We have got to know that the living standard and actual needs in everyone's retirement life may vary. How the line for the uniform payment should be drawn is indeed a big question.

However, social resources are not unlimited. No matter whether we adopt the proposal of distribution according to needs or handing out a uniform payment, the Government must consider the question of financing in implementing the retirement protection proposal. The proposals made by the Government and the

community organizations will ultimately involve a reform of the tax regime or the existing MPF System. The process is complicated with a cobweb of relations. I believe it will be a tall challenge to the Government of the new term. We expect the authorities to take forward the implementation with a brand new mindset after striking a balance among the interests of all parties and consolidating their views. Hence, DAB has made various suggestions to enhance the measures for the elderly in this year's Policy Address in the hope that the elderly can be given support expeditiously.

First of all, we suggest adding a tier of higher payment to the existing OALA to help those elderly people who have a small amount of savings as their "funeral money". Many of them would rather live a frugal life than using this sum of money casually. We believe that adding a tier of higher payment to the allowance can support their hard-up living. However, the asset limit for the higher rate of OALA proposed by the Government is only \$144,000. This is a bit too harsh. The elderly with whom we have frequent contact expect the Government to raise this asset limit to at least \$300,000. Similarly, although the existing asset limit for OALA will be relaxed to \$329,000 this year, we still consider it inadequate and propose adjusting it upward to \$800,000.

Moreover, the system of OAA should be adjusted to be free from any means test or income limit so that every old person will receive a sum of money when he reaches the age of 65.

According to our suggestions, people will receive different degrees of support depending on their financial conditions. Those who are poorer may obtain a greater amount of allowance. In other words, after the policy is adjusted, OAA, OALA and the higher-rate payment of OALA will cover all the elderly in Hong Kong, thereby benefiting all people. Besides, we suggest relaxing the asset limit for the tier of higher OALA payment to \$300,000, higher than the existing limit of \$220,000. I believe it will benefit the current 400 000-odd recipients of OALA.

Lastly, we suggest that the Government simultaneously provide other complementary measures and make more diversified arrangements for our old retirees. I so submit.

MR KWOK WAI-KEUNG (in Cantonese): President, I was the Chairman of the Subcommittee on Retirement Protection (the Subcommittee) in the past year, during which five meetings, excluding the first meeting held for the election of the Chairman of the Subcommittee, were held and a number of public hearings arranged to give audience to the views of stakeholders. In fact, throughout the entire process, the community had expressed a strong aspiration for universal retirement protection. Regrettably, despite the consultation on retirement protection launched by the Government by the end of 2015, the Government failed to put forth any specific proposals when it submitted the report to the Subcommittee by the end of 2016, giving the public the impression that the Government was resorting to procrastination in retirement protection work.

During the said period, the Subcommittee held detailed discussions on a number of questions including the financial arrangements for universal retirement protection, the abolition of the Mandatory Provident Fund ("MPF") offsetting arrangement as mentioned in the Policy Address and the Higher Old Age Living Allowance ("HOALA"), and so on. Yet, in view of the absence of the first pillar, a government-run pension fund, the Government failed to answer whether it was unwilling to undertake the commitment. Does it mean that the Government will never consider setting up this pillar? When the World Bank talks about a five-pillar pension framework, the SAR Government continues to stick to its four-pillar concept. Is this clear proof that Hong Kong has failed to catch up with the global pace in retirement protection?

President, in every discussion on retirement protection, certain scenarios will inevitably be mentioned. These include the scene of an old woman in a raincoat scavenging for waste cardboard and piling up cardboard despite the heavy rain and the cold. We can see on the streets that some elderly people will go to wet markets only shortly before the markets close, for they want to save some money by getting some unsold food items at cheaper prices. For some hidden elderly, since they consider it costly to go out, they will not go out but stay home, for they think that this is a way to save money. There are numerous cases like these.

The Hong Kong Federation of Trade Unions ("FTU") started striving for retirement protect as early as in the 1970s. For FTU perceived at the time that when society lacked a comprehensive retirement protection scheme, people would easily be caught in the predicament of poverty after retirement. In the fight for retirement protection, Hong Kong has gone round in circles and made a lot of pointless ventures. In the 1980s, we discussed the annuity scheme for the

elderly, yet it ended in vain. In the 1990s, we discussed the MPF System. The Government knew full well that the MPF System was fraught with problems, which include housewives working for prolonged hours were not entitled to any protection in the lack of an official employment relationship. Besides, the high administrative cost would nibble away the returns of MPF accounts, whereas the offsetting mechanism would undermine the retirement protection for employees. However, if the MPF System was not introduced, employees would lose that protection, too. Now, the various problems have come to pass. The salaries which wage earners sweat blood to earn are pocketed by fund managers year after year, for they have to pay management fees for their MPF accounts whether the fund is making profits or suffering losses. This absolutely runs counter to the value for money spirit prevailing in Hong Kong.

Hence, for the purpose of ensuring retirement protection for all, FTU has been striving for universal retirement protection from beginning till now. Hong Kong is an affluent society. Our wealth today is an accumulation of the hard work of the previous generations over many years in the past. Today, the fiscal reserve of Hong Kong has reached \$900-odd billion, yet the poverty rate of elders has not decreased but increased on the contrary.

According to the Hong Kong Poverty Report published by the Oxfam in last October, the number of elderly citizens, aged 65 of above, living in poverty has increased from 287 000 in 2011 to 332 800 in 2016, which is the highest in the past five years. The coffers of Hong Kong are obviously "flooded" with money, yet elderly citizens have to endure poverty. What is happening? One of the functions of the Government is to redistribute wealth. A government must perform this function properly to be considered competent. Hence, FTU has put forth a proposal on an integrated retirement protection scheme, which requires the Government to set aside a sum, a sum reserved before the reunification but has not yet been used so far, as the kick-off fund for retirement protection.

A reserve fund for revenue from land sales was set up prior to the reunification, and the fund has a balance of \$200-odd billion at present. Subsequently, since FTU proposed to use this land reserve fund for retirement protection, the former Financial Secretary did a makeover deliberately to withhold the sum and even change the name of the fund to the "Future Fund". On the surface, the sum is reserved for future use, yet in actuality, the sum is frozen so that it cannot be used for the implementation of retirement protection. The financial management philosophy of the former Financial Secretary was to

allow the coffers to be flooded with money while the elderly continued to be plagued by poverty. No matter how wealthy the Government is, the Government has to make savings, for only money saved belongs to the Government. This is the mentality of the Government. However, FTU considers that the elderly is best qualified to use the money. The Future Fund of \$200 billion should be credited to the contribution made by these elderly citizens in their younger years. Back then, minimum wage had not yet been implemented, yet they toiled long hours in some low-pay jobs, thus facilitating certain businesses in making outstanding development and enormous profits, thereby generating tax revenue for the Government to keep as reserve. Since the Government has failed to provide proper retirement protection, 100 000-odd elderly citizens continue to be plagued by poverty. The Government should reward the elderly with the fruits they saved during their younger years. They are the true stakeholders well-deserved of the \$200-odd billion.

At present, the Government divides the retirement protection framework into various tiers. For the elderly who are the poorest and most in need of help, they can apply for Comprehensive Social Security Allowance. For elderly who are slightly better financially, they may apply for Higher Old Age Living Allowance, or settle for the lesser version, the Old Age Living Allowance. Elderly citizens applying for these allowances may need to pass the means tests. If they do not want to undergo such means tests or do not want to make any declaration, they have to wait till they reach 70 years of age to receive the "fruit grant" of \$1,000-odd dollars. Many elderly will shake their heads and say "no" to allowances requiring a means test and declaration, for they know they will be screened out. In actuality, the amount of money these elderly citizens have is meagre, even inadequate for them to buy a niche in a columbarium. Some elderly citizens do not dare spend their "funeral money", the money they have saved for their final days, for they do not know when they may fall sick and need the money. Since they want to preserve their dignity, they would rather endure poverty than apply for these subsidies. I think the only way to let the elderly feel relieved in applying for retirement allowance is to ensure that retirement protection is provided in a non-means-tested and universal manner, so that the elderly may enjoy commensurable reward and dignity.

The integrated retirement protection scheme advocated by FTU seeks to set up an additional tier of social security with universal coverage on top of MPF, so that all elderly persons aged 65 will receive a monthly payment of around \$3,500, including people who do not have an MPF account, like family carers.

I also propose in my amendment that discussions about universal retirement protection should be continued through the Commission on Poverty ("CoP"). Since members of CoP already include representatives and members from various sectors in society and CoP has been the leading organization in retirement protection discussion, it is suitable for CoP to continue with the relevant discussion. Yet, such discussion will only be fruitful on the premise that the authorities are willing to step up their efforts in promoting financing options and making financial arrangements for retirement protection. Hence, no matter the discussion will be carried out through CoP or a newly established mechanism as proposed by Mr LEUNG Kwok-hung in his original motion, I think the key lies in the Government changing its mentality. As long as the Government is unwilling to promote universal retirement protection, a consensus cannot be reached no matter which mechanism is used for discussion. Eventually, only some piecemeal and stopgap measures will be introduced while the elderly will fail to receive the protection to which they are entitled.

President, I so submit.

MR ALVIN YEUNG (in Cantonese): President, first of all, I thank Mr LEUNG Kwok-hung for this motion proposed by him today. On the establishment of a non-means-tested retirement protection system to the benefit of all the people, the Civic Party has, since inception, fully supported it and today is certainly no exception.

Regarding our support for the universal retirement protection system proposed by the academics, Mr Jeremy TAM of our party will further give a detailed explanation later today.

After Prof Nelson CHOW, at the invitation of the last-term Government, conducted studies and submitted a report, we consider that there are already sufficient grounds and conditions for the Government to introduce a non-means-tested universal retirement protection scheme without any preconception. Regrettably, for this "debt" owed by the last-term Government, we wonder if the current-term Government can make compensation for it under the leadership of Dr LAW Chi-kwong.

President, in this discussion today, I hope Members can consider universal retirement protection from another angle. Insofar as universal retirement

protection is concerned, the elderly beneficiaries are often perceived as a burden on society or public finance, but is that really so? Actually it may not necessarily be so. Let us perhaps look at it from the angle of the silver hair market, which may shed new light on our reasoning.

According to the Report on a survey on the silver hair market in Hong Kong published by the Hong Kong Council of Social Services ("HKCSS") in 2015, 40% of the elderly respondents said that if they have basic retirement protection or income, such as the universal retirement protection that we talk about today, they would be most encouraged to take part in shopping activities in the silver hair market. President, although the silver hair market in Hong Kong may not be a match for that in Japan or places in Europe, or ours may even be no match for that in the Mainland, we actually should ask why this is the case.

Of course, this is definitely related to our social structure. Many elderly people may have assets but lack cash or "disposable money". As rightly pointed out by other Members earlier on, under this circumstance, the elderly do have concerns about making spendings. This report of HKCSS has clearly pointed out that the elderly may not dare spend money randomly irrespective of whether they have pension or assets. This is probably because they anticipate possible health care expenses and are therefore under immense pressure. In this connection, the report of HKCSS has precisely revealed that over 50% of the respondents hold that if they have "disposable money", they would be most willing to purchase care services badly needed by them. President, their demand for care services precisely echoes a bold view held by us and that is, the provision of comprehensive care services can absorb a huge amount of manpower resources in society and hence enable these members of the public to have decent jobs. Therefore, President, this will actually benefit everyone as we can, on the one hand, provide a safety net for the elderly and on the other, under a comprehensive and sound retirement protection system, the elderly will have the means to spend and become a facilitator of society and the economy and better still, create an emerging market, too.

President, in my remaining speaking time I wish to discuss today's topic from another angle. Apart from the concept of establishing a universal Demo-grant to provide financial subsidies, actually we need a comprehensive elderly care policy. In the final analysis, the question we should ask is: What kind of living do the Hong Kong Government and the Legislative Council wish to

provide to the elderly in their twilight years? I think the answer should be simple. The elderly should live in dignity and quality. Then how can this be achieved? This involves a macroscopic blueprint in our elderly care policy, and this is also the meaning of "blueprint" that I mentioned in my amendment today.

President, as we continue with this discussion, and as Mr KWOK Wai-keung mentioned earlier, there are certainly many live examples in society that we can hardly evade. I think there is an example that has touched the hearts of all Members and that is, a recent case about a man's wife who became paralyzed after suffering from a stroke. As the man, who is an elderly, could not take care of his ailing wife, he killed her with his own hands and then turned himself in to the Police. This actually reveals another side of society about elderly who live on their own or the "two-person elderly households" as referred to by us, which means a household consisting of two elderly persons. What protection is there to help them? This is obviously related to residential care places and community care which are, of course, areas in which the new Secretary is well-versed. I believe the Secretary can contribute his knowledge and also offer the right solutions to the Government for resolving the problems on all fronts.

President, the assessment of the needs of the elderly made by a former Chief Executive two decades ago may already be obsolete nowadays. During the era of TUNG Chee-hwa, the needs at the time may be met solely by the provision of adequate community care places, an ample supply of residential care places for the elderly, and so on, with the objectives of achieving "a sense of security" and "a sense of belonging" among the elderly. But we have been talking about "a sense of security" and "a sense of belonging" for the elderly for two decades already and we still face such problems as a shortage of residential care places now.

However, I think there are other areas that warrant an examination. At present, there may be a stronger demand for community care in society, or there is the view that it may be more suitable for the elderly to age in the community. Of course, we are not saying that residential care places are unimportant. Residential care places are certainly important, but this should not be a rigid target, nor is this purely a pursuit of hardware. Rather, residential care places aside, it is also necessary for us to examine how the elderly can access with dignity necessary care services in the community. I think this mindset may

require our collaborative efforts and involvement. President, this is exactly what I mean by "blueprint". In other words, it is not about a pursuit of hardware; nor is it about meeting numbers and obtaining funds, but a macroscopic strategy setting out how we can afford protection to our elderly.

In the following I wish to talk about the "three keys for peace of mind". We have had contact with some social service organizations and they have started to talk about life and death education, and they have made use of parent-child programmes to achieve the objective of community education. These organizations have also promoted the "three keys for peace of mind" that I have just mentioned to the better-off elderly for them to handle their assets and personal care arrangements. What do the "three keys" refer to? They refer to a will, an enduring power of attorney ("EPA") and an advance directive. I believe many people know what a will is. On the contrary, our community or society may less often come across the second and the third keys concerning the advance arrangements made individually by the elderly, especially elders who are gradually losing certain abilities, such as those suffering from dementia.

An EPA which we refer to as the second key was introduced by the Enduring Powers of Attorney Ordinance in 1997. But according to the report of the Law Reform Commission in 2008, only 16 EPAs had been registered in the nine years from 1997 to 2006. Obviously this is indicative of a lack of understanding of this legal instrument in society. Through an EPA, an elderly can appoint a person to be his attorney who can dispose of the elderly's assets to make personal care arrangements for the elderly when the elderly is seriously ill or vaguely conscious. This legal instrument is certainly better in putting the minds of the elderly at ease about their care arrangements. This is particularly so when the elderly are seriously ill as we always see that many elderly have not made these arrangements while their family members may not have the means to help the elderly handle issues relating to their care. This is what we need to do, and I hope the Secretary can, in future, enhance the community's understanding in this respect in order to truly provide assistance to the elderly, or through promoting greater understanding among members of the community, especially children of the elderly or social workers, they can promote it in the community and participate in it. This can indeed make suitable arrangements and preparations for the elderly.

As regards an advance directive which we refer to as the third key, I believe even less people are aware of it. This may have to do with the Chinese traditions as the elderly or their family members often may not be able to calmly face what arrangements should be made when they are seriously ill. If, in signing an advance directive, a pre-arranged care plan can be included, the patient, his family members, and the medical team can negotiate an acceptable approach for treatment of the patient according to a health care plan understood by all parties when the patient reached a terminal stage, thereby enabling the elderly to have a secure old age.

President, I have spoken at length in the hope of convincing the Secretary and Honourable colleagues in this Council that what we need is not only hardware. We need not only more hospital beds and residential care places, though these are, of course, what we should work for, too. Also, what we need is not only as simple as putting in place a universal Demo-grant which is, of course, something most remote though we will continue to fight for it. Rather, I hope that under the leadership of Secretary Dr LAW, the Government can take a more macroscopic and broader angle in its consideration in the face of our society which is ageing continually.

President, I so submit.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, first of all, I thank Mr LEUNG Kwok-hung for proposing this motion at the first meeting of the Legislative Council of the new-term Government, and I also thank Mr LEUNG Che-cheung, Mr KWOK Wai-keung and Mr Alvin YEUNG for proposing amendments. This motion debate today gives us a most valuable opportunity to share with Members the convictions and views of the new-term Government on this important issue of retirement protection. And, it also gives me an opportunity to—after speaking in this Chamber 13 years ago—once again speak here to the President and Members today, which is 13 years since.

Some two decades down the line, nearly one in every three Hongkongers will be an elderly aged 65 or above. I believe Members will all agree that while the entire society will face challenges brought forth by an ageing population to Hong Kong, it is more important to enable the elderly to enjoy their old age peacefully and comfortably in Hong Kong, a place which is home to them.

To enable the silver hair generation to enjoy a sense of security, retirement protection has an important part to play. Adopting the World Bank's multi-pillar approach for retirement protection, Hong Kong's retirement protection system has four pillars, comprising a multi-tiered social security system (pillar 0), the Mandatory Provident Fund ("MPF") System and other occupation-based retirement savings schemes (pillar 2), voluntary savings (pillar 3), as well as public services, family support and personal assets (pillar 4). This design is underpinned by the principles of sharing the responsibility of retirement protection amongst individuals (including families), employers, and the Government, as well as addressing the varying needs of elderly persons through multiple channels.

In January this year, the 2017 Policy Address announced a series of measures for reinforcing the retirement protection system, which include enhancing the Old Age Living Allowance ("OALA") under pillar 0 by relaxing the asset limits for OALA and adding a higher tier of assistance to provide better protection for elderly persons with more financial needs, extending the medical fee waiver to older and more needy OALA recipients in receiving public medical services, and putting forward detailed proposals to progressively abolish the MPF offsetting arrangement. The Policy Bureaux and departments are making plans for implementing these measures, some of which have even been brought into effect gradually.

The current-term Government shares the principle of the last-term Government on retirement protection that it is necessary to concentrate the limited social resources on taking care of elderly persons with financial needs. In fact, any retirement protection measure must be considered with due regard to its financial sustainability, in order not to impose a heavy burden on public finances and the next generation. Moreover, the needs of the elderly cannot be generalized for they vary according to the age as well as health, family and financial conditions of the elderly. Their needs are also diverse in respect of social protection, health care, community care services and even financial management. In considering how the elderly can be provided with a better retirement life, we have to give consideration to all of these aspects comprehensively, rather than focusing on providing them with cash subsidies only. In other words, we agree that we should, on the basis of maintaining the

existing multi-pillar retirement protection system, strengthen each of the pillars in order for the pillars to support and complement each other.

President, I believe members of the community agree to the need to continuously consolidate and reinforce Hong Kong's retirement protection system, with a view to providing better protection to the retirement life of the elderly in their old age. Members are welcome to put forward views on retirement protection, which is an important issue. I will give a consolidated response after listening to Members' speeches.

President, I so submit. Thank you.

MR MICHAEL TIEN (in Cantonese): I welcome Secretary Dr LAW back to the Legislative Council after 13 years.

President, the Commission on Poverty ("CoP") issued the Report on Public Engagement Exercise on Retirement Protection at the end of last year. The chairperson of CoP at the time was the incumbent Chief Executive, hence, I believe the issue will be concluded one way or another within the current-term Government. Given the experience and past association of the Chief Executive, nobody but her is duty-bound to handle the issue of retirement protection. As everyone knows, the Government's proposal was widely criticized on two aspects: first, is a means test necessary in principle? Second, if a means test is necessary, what should be the assets limit? I believe it is agreed that the first question of principle is the core of the dispute, so I will spend most of my time explaining my position on this.

One of the main arguments of those who support non-means-tested retirement protection, that is, what we generally call universal retirement protection, is equity. Everyone can get a share and everyone's share is of the same amount. However, this is actually paradoxical as those who support imposing a means test also pursue equity. In fact, the concept of equity, which even a three-year-old can say, actually contains two probably polarized values: justice and equality. In pages 99 to 101 of the independent consultancy report, the difference between equity and equality is mentioned. I find these two words rather confusing, so I will use justice and equality instead, which we can vaguely tell the difference literally.

This picture in my hand brings across the idea clearly. I believe the Secretary is quite familiar with it and many people who study this issue have seen it. I would like to explain it to those who have not given any consideration to this issue. A few children are watching a match outside the fence. One of them is taller than the fence, so he can watch the match without any help; the other two need to be raised to watch the match. Now, there are three wooden boxes. How should they be allocated? This is the core of the dispute on retirement protection. According to the principle of justice, the tallest child does not need any help; the one in the middle should be given one box; and the shortest one should be given two. In this case, all the three of them can watch the match and everyone is happy. However, according to the principle of equality, all the three children should get a share and be allocated one box each. In this case, the tallest child wastes one box; the shortest child cannot watch the match even with one box. It is precisely for this reason that I oppose universal retirement protection.

As a matter of fact, both principles are not wrong, just that they adopt different value preferences. On the issue of retirement protection, providing help based on each person's need determined through a means test emphasizes justice; doing so without a means test emphasizes equality. Therefore, I strongly disagree with those who say that it is heartless to support imposing a means test. I respect people whose views are different from mine and those who demand equality and universal retirement protection. However, my view is that limited resources should be used efficiently. Certainly, I know some people would think that the Government is so rich, to the point where its resources can be considered as unlimited. I have to tell them that I respectfully disagree. It is because even though we have a lot of money, do other areas not need funding? Do we have enough subsidized university places? Is dental service included in public health care? Are there many residential care places for the elderly? These are all seriously inadequate. There are so many areas needing funding, I would not be able to list them all in an hour.

Moreover, there is one more aspect to be considered in retirement protection, and that is, financing. Where does the money come from? Here, we have to talk about the financial problem of the Government. Will we always have such an enormous surplus? An analysis of this year's Budget indicated that the problem does not lie in whether there is any surplus, but rather in the

problematic revenue structure. The analysis pointed out that over the past decade, land revenue varied considerably from \$17 billion in 2008-2009 to over \$120 billion in 2016-2017. Another paragraph of the analysis indicated that from 1998 to 2004 when the Hong Kong economy was ensnared in difficulties during the financial crisis and the Internet and technology bubble burst, government revenue plunged sharply and Hong Kong experienced five years of fiscal deficits. These data showed that the revenue structure of the Government is characterized by great fluctuations, narrow tax types and sectors and low predictability. So, people can say the Government is rich, but it may simply be wealthy this moment but penniless the next.

Therefore, I support a tax reform as well as a just tax regime, and that is "those who can pay more should pay more". I believe studies on a more progressive tax rate on personal income tax and profits tax as well as the introduction of vacant property tax and luxury tax should be conducted. In other words, I support distribution and financing, which also emphasize justice, as opposed to seeking nothing but equality.

After talking about the principles, let us talk about the specifics, and that is, how the limit should be set. The Government's proposal suggested a maximum asset limit of \$80,000, which anyone with a little common sense will find unreasonable. I have not met anyone who said this limit was appropriately set. Half a year ago, I found this limit heartless. After having had contact with more grass roots, I now find it extremely heartless.

Secretary, I have proposed this in CoP, I now say it once again: I think it is better to simply optimize the existing Old Age Living Allowance. The maximum assets limit should remain at \$220,000, and the monthly allowance should be significantly increased from \$2,495 to \$3,800, so as to meet the basic personal needs at current prices. I believe this is a matter of urgency which can instantly benefit 440 000 elderly people with no additional administrative costs and preparation time, as the Government already has all the relevant information for immediate use. I hope the Secretary and Chief Executive Carrie LAM will carefully reconsider my proposal. I so submit.

MR POON SIU-PING (in Cantonese): President, according to the results of the population by-census released by the Census and Statistics Department ("C&SD") in early June, the Gini Coefficient based on original monthly household income rose to the record high of 0.539 in 2016, the worst situation ever in 45 years. As regards the reasons for it, in addition to a serious mismatch in terms of wealth redistribution, another key factor is an ageing population in Hong Kong, with a rise in the number of elderly households with no or little income. If we fail to respond to the challenges posed by an ageing population effectively, it is believed that the Gini Coefficient will be pushed up further, thereby aggravating the wealth gap in society.

As pointed out by former Chief Executive LEUNG Chun-ying when he delivered his policy address, instead of implementing a universal non-means-tested retirement protection system equally applicable to all the elderly regardless of them being rich or poor, which had long been demanded for by the community, the Government would only direct resources to those in need. I do not subscribe to this view because retirement protection should be a right in principle. Hong Kong owes much of its achievements today to the decades-long sweat and toil of our elderly in the prime of their life. The community is duty-bound to provide them with a means of basic subsistence when they are no longer young. In fact, introducing a means-tested option will not only screen out those elderly who do not meet the prescribed limit of assets, but also in effect reduce the incentive for people to keep savings, running counter to the principle of relying on savings as one of the pillars for retirement protection. The Commission on Poverty also indicated in its consultation report on retirement protection released in 2016 that a larger number of opinions supported the "regardless of rich or poor" principle, and I will not repeat its arguments here. I hope the new-term Government will work out a practicable option on the premise of universal retirement protection together.

The Federation of Hong Kong and Kowloon Labour Unions ("FLU") to which I belong supports a universal retirement protection option with tripartite contributions, with a lump sum of \$100 billion allocated by the Government first as a start-up fund, to be followed by regular monthly contributions by employers and employees. As stated by the Government in the 2015-2016 Budget, it will set aside \$50 billion for the purpose of providing better retirement protection for the elderly. I urge the Government to make good use of the funds and provide additional resources to launch a universal non-means-tested retirement protection scheme.

At present, the Mandatory Provident Fund ("MPF") System with contributions from both employers and employees cannot provide people with a means of basic subsistence after retirement. Even worse, the greatest deficiency of MPF is its total exclusion of the non-working population, such as family carers and the unemployed, from the coverage of retirement protection. According to the statistics published by C&SD, in 2015, the number of family carers across the territory stood at 650 000, with 30% of it being people aged between 55 and 64, whose rights and interests in terms of retirement protection have been completely neglected. FLU has earlier proposed that the Government should make the minimum monthly MPF contribution for persons in the labour force who are neither in employment nor engaged in full-time studies, with the minimum wage as the starting point. On the basis of the existing minimum wage at an hourly rate of \$34.5 and the number of standard working hours at 44 per week, a monthly contribution of \$303.6 will serve to give people in different positions in society a sense of security when they grow old.

On the issue of retirement protection, I cannot leave out the abolition of the MPF offsetting mechanism. I welcome Chief Executive Carrie LAM's abandonment of the obstinate approach in handling things adopted by the previous term of Government, revisiting the possibility of fine-tuning the Government's proposal of abolishing the MPF offsetting mechanism. But I must reiterate that employees' rights and benefits are not to be confused with retirement protection. Improving employees' rights and benefits while undermining those that already exist is not a reasonable approach. I urge the Government to refrain from undermining employees' legitimate rights and benefits while abolishing the MPF offsetting mechanism.

President, Hong Kong is an international metropolis with a high degree of prosperity. But such prosperity is built on many elderly people doing low-pay jobs of long hours in our society with inadequate labour protection and a poor working environment over the years. Hong Kong owes much of its present prosperity to them. I support a universal retirement protection system under which our elderly may lead a secure life in their twilight years.

President, I so submit.

DR CHIANG LAI-WAN (in Cantonese): President, first of all, I welcome new Secretary Dr LAW Chi-kwong to his first Council meeting. I strongly hope that he can consider our proposals after listening to my following speech. Just now, I heard Mr LEUNG Kwok-hung say that he opposed the development of innovation and technology. But as Members all know, how can Hong Kong possibly increase its revenue and in turn improve people's livelihood and welfare benefits if it is unable to develop its economy? Now, he has put forth a proposal of retirement protection in the form of handouts for all people. Is he not a bit self-contradictory?

President, the original intent of Mr LEUNG in proposing this motion on "Establishing a universal retirement protection system" is actually good. All along, the Democratic Alliance for the Betterment and Progress of Hong Kong has supported the idea of providing support and security to elderly people in their twilight years. So, we have put forth a three-tier proposal featuring an element of benefiting all people. But as regards Mr LEUNG Kwok-hung's original motion and the amendments of Mr KWOK Wai-keung and Mr Alvin YEUNG, some of our views differ greatly from theirs. There are many dissenting views in society on a non-means-tested universal retirement protection system with uniform payment. And many people also think that resources should be utilized on elderly people in greater need of support rather than indiscriminate cash handouts. At present, the Treasury of the Government is flooded with money. But in case the money becomes insufficient one day, the responsibility will fall on taxpayers. It is also possible that it will indirectly fall on young people of the next generation. So, we can indeed hear many voices against paying more taxes in society.

Some scholars of economics have also done some computations. Suppose the Government is to disburse \$3,230 to every elderly person aged 65 or above each month with no changes in the amount in future, the Government will incur an annual expenditure of over \$100 billion when the elderly population reaches 2.6 million. By that time, the Government may be unable to maintain this arrangement and therefore may have to increase taxes drastically. Even Prof Nelson CHOW, a retirement protection specialist, has likewise said that it is impossible to convince young people of the present times to pay higher taxes.

President, some Members hope to see the implementation of retirement protection in the form of indiscriminate handouts for all people. But they did not agree to my proposal of setting up a baby fund last month. Actually, both a baby fund and retirement protection are ways for the Government to redistribute wealth in society. The difference lies in the target: one is elderly people, and the other is babies. Mr LEUNG Kwok-hung thinks that universal retirement protection should benefit all people, meaning that those wealthy elderly people should also be given money. That being the case, I must say that some people actually do not need our help ...

(Some people in the public gallery made noises)

PRESIDENT (in Cantonese): Dr CHIANG Lai-wan, please hold on. People in the public gallery, if any one of you continues to make noises, I will ask him to leave the public gallery. Please keep quiet.

Dr CHIANG Lai-wan, please continue.

DR CHIANG LAI-WAN (in Cantonese): President, our view is this. If the Government really wants to enable elderly people to live a better life in their twilight years, why should we refuse to help them as early as possible? Or, why should we refuse to make early planning for everybody's future right after birth?

The baby fund we proposed last month will require around one tenth of the funding for universal retirement protection. If universal retirement protection is to be implemented, the Government will disburse some \$38,000 to every elderly person a year. But the baby fund I proposed merely requires the deposit of around one tenth of the said sum into every baby account every year, and parents may also make contributions. When their children reach the age of 18, the sum can be used for further studies or even as down payment for acquiring a property. If he does not see any need to utilize the money, he may opt to incorporate it into his Mandatory Provident Fund ("MPF") scheme account in the future, so as to enrich his MPF benefits designated for retirement protection purpose and in turn receive better retirement protection.

Retirement protection aims to enable elderly people to live more comfortably in their twilight years. And the concept of a baby fund may enable young people to live more comfortably throughout their lifetime. Why should we reject the idea? President, we believe that setting up a baby fund can also serve as an additional incentive to encourage people to give birth and help the Government formulate a long-term population policy. But most importantly, it can bring hope to our children. A baby fund is a humanistic policy based on a bottom-up approach. I hope that when discussing retirement protection, Members can also give thoughts to the future of young people.

President, I so submit.

MR MARTIN LIAO (in Cantonese): President, the dispute over the retirement protection system has lasted for a few decades in the community in Hong Kong. Back then, the authorities gave up the Old Age Pension Scheme, and the Mandatory Provident Fund ("MPF") System was eventually implemented. After several rounds of heated debate in the Legislative Council, the Government then conducted another consultation exercise on the MPF System. According to the figures, people doubted the sustainability of schemes not taking into account the financial status of the elderly and worried that resources to be provided to the elderly in need would be depleted. Since many of the arguments mentioned are familiar to Members, I will not repeat them in view of the time constraint. We have been going round in circles. The motion today is leading Hong Kong to backtrack, seeking to introduce universal retirement protection after a mere change of name. This approach originated not from any significant change in factors of consideration based on rational analyses but the rise of populism and welfarism.

President, I fully support social justice. I also support making vigorous efforts to provide proper assistance to retirees in need. However, social justice differs from welfarism. This motion confuses the complicated subjects of elderly poverty and retirement protection, wrongly presenting universal retirement protection as the antidote to the problem. In fact, the sponsor has turned a blind eye to the situation in the real world, blindly pushing Hong Kong to welfarism without mentioning the high cost to be borne by society as a whole on adopting welfarism. This is quite irresponsible.

President, what is the situation in the real world? The problem of population ageing is not unique to Hong Kong. The retirement protection systems adopted by countries around the world are facing unprecedentedly critical challenges.

According to a study report published by the World Economic Forum a few months ago, the life expectancy of mankind has been extending since the middle of the last century. It is projected that babies born this year will have a life expectancy of more than 100 years in general. The number of elderly aged over 65 will increase three times from 600 million to 2.1 billion in 2050. At present, one elderly person is supported by eight workers, yet it will drop to four workers supporting one elderly person by then. As for the cases of the eight countries, including the United States, China, India and the United Kingdom, with the largest retirement protection schemes, the retirement saving gap is estimated to be US\$70 trillion, which will grow to US\$400 trillion by 2050. If leaders of various countries do not take actions to raise the retirement age and proactively encourage personal savings, and so on, the global economy can hardly cope with this.

Inadequate retirement protection is obviously a major problem, yet we should avoid going to the other extreme. After the financial crisis in 2008, Greece, one of the PIIGS, was plagued by debts because the good social benefits it provided went out of pace with its economic conditions. According to the report of the International Monetary Fund, the deficit incurred by the Greek Government is mainly attributed to its pension expenditure, which accounted for 7.3% of its GDP in 2010. With an ageing population, the expenditure will have doubled by 2050. The Organisation for Economic Co-operation and Development has even described this as a fiscal time bomb. Coincidentally, Jim ROGERS, an international investment tycoon, forecast this month that a super financial crisis would break out in the next few years, which might be triggered by the burst of the pension bubble. Yet, according to the estimate of ROGERS, the problem may arise from the pension scheme of the United States. According to the report of the Forbes, for the government-funded retirement scheme alone, the shortfall in tax revenue to be set aside for contribution by the American Government is estimated to be over 10%, exceeding US\$1 trillion.

President, the logic is straightforward. To maintain a social system providing a high level of welfare benefits, heavy tax must be levied. Yet, this will undermine the participation incentive of the labour force and affect the business environment, causing shrinkage of private enterprises and leaving the economy in the doldrums. The case of the United Kingdom in the 1970s is a typical example. At issue is that even if the Government hopes to increase tax, this may not be practicable in reality. As in the case of Japan, an increase of sales tax from 5% to 10% in two phases was passed in 2012 to cover the provision for its National Pension Scheme. Yet, when the sales tax was increased to 8% in 2014 in the first phase, domestic spending dropped and the Japanese economy fell into recession. As a result, the second phase of sales tax increase has been postponed time and again. According to the latest report, the increase will be postponed to 2019.

Back to Hong Kong, the MPF System has been implemented for 16 years, and over 2 million employees have started saving and investing for their retirement. It is true that the concern of exorbitant management fees should be addressed continuously. As for the offsetting mechanism of MPF, the previous Government determined the direction. The incumbent Government has expressed the intention of consulting the views of employers and employees again with a view to fostering a consensus, hoping that a solution to the satisfaction of all sectors may be identified expeditiously with this joint effort. For the elderly in need, the coverage of social security is 74%, benefiting 910 000 elderly recipients. If enhancement is necessary, it can be raised.

President, the most important point is that Hong Kong practises capitalism, and the public give high regard to self-reliance and are filled with the can-do spirit, and these have enabled the miraculous economic achievements in the past. As stipulated in Article 108 of the Basic Law, Hong Kong shall implement the low tax policy. In the face of the ageing population, we have to maintain our competitive edges. Why should we act in the opposite and head towards welfarism, thereby creating a fiscal time bomb for us? These are the truths behind all this, and we must tell them clearly to the people of Hong Kong. If not, policies offering a high level of welfare benefits will be introduced in Hong Kong one after the other, following the minimum wage, universal retirement protection and legislation on standard working hours. By then, the people of Hong Kong will wake up seeing Hong Kong having been turned into a society of

welfarism in a shock. We will then be haunted by regret in the face of the irreversible situation.

President, I so submit.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

If no Member wish to speak, Mr LEUNG Kwok-hung ...

DR PRISCILLA LEUNG (in Cantonese): President, I have already pressed the "Request to Speak" button.

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, you may speak now.

DR PRISCILLA LEUNG (in Cantonese): President, in the past few years, we hoped that the Financial Secretary would be a far-sighted Financial Secretary when he formulated the Budgets, foreseeing future factors and practicability. Naturally, today, on this motion on "Establishing a universal retirement protection system", we also hope that we will have a far-sighted Secretary who will not merely consider the situation this year, next year or the next five years but that in the next 20 and 30 years, which are the views of the next generation on retirement protection.

To Hong Kong, retirement protection is already an imminent problem. The large number of people born in the 1950s and 1960s will approach 60 very soon and become senior citizens. Strictly speaking, if the present universal retirement protection system under discussion is enhanced, these people will benefit. Who should be allowed to join this retirement protection scheme? As a Chinese common saying goes, elderly persons are the treasure of a family. It is true that many elderly citizens will help young couples in their family to take care of the latter's children. However, in some cases, it is about caring a patient at home, particularly an elderly patient. In other cases, it may involve a single elderly, that is, lonely elderly persons. Since these elderly people have no

income after retirement, they at once become proletariats. Not to mention cases of the elderly living in poverty, even for the middle-class elderly who used to earn handsome incomes, I notice that they dare not make spendings once they have retired, not even on medical consultations when they fall sick. They may luckily have children to take care of them. Yet, for families with an elderly patient, the emotion of the family as a whole will be affected. In fact, this may even directly affect younger family members who are the breadwinners of the family, for they may have to give up working to take care of the elderly patient full-time. I trust Members must know such cases. Certain senior government officials had told me in person that they were also facing these issues, and they had eventually decided to give up their career development to take care of their single parent at home.

Hence, this is a problem not unique to the elderly living in poverty. On the elderly care policy, the more people benefit the better. Yet we have to understand the situation in Hong Kong. The word "universal" is extremely controversial. When we discuss with our friends, all of us express reservation about this subject. As far as the content is concerned, we may seek common grounds and shelve the differences. Yet when it comes to the definition of "universal", people are concerned about issues such as whether the system of Canada will be adopted or whether the Government has to hand out the money whenever it has. This is a cause for reservation held by many people, particular people who have the ability and responsibility to pay tax.

Certainly, we must give more to the poor. Hence, regarding the many specific proposals mentioned by Honourable colleagues earlier, we consider the direction of those proposals worthy of support. For instance, on the question of whether or not the allowance of \$2,200 under the existing regime may be increased to provide additional assistance to people in need when the value of the allowance depreciated against inflation, we have to consider whether recipients can survive with the existing allowance of \$2,200. I think we can consider these issues.

As for the burden of children, as I pointed out earlier, many in the middle class cannot afford medical insurance after retirement yet they do not want to become the burden of their children, so they will switch to public medical care, which in turn increases the burden on the public health care system. Hence, I

think the authorities should offer some candies to these children. For instance, the authorities may offer tax concessions on payment of medical insurance for parents, or it may offer some support to these families. These measures will also alleviate the demand for public health care services.

I have been teaching in universities for many years, and I notice that the situation of retired professors is not that desirable. I know a professor whose wife is suffering from diabetes. During his time of employment, his wife's medical care expenses were covered by medical insurance. Yet once he went into retirement, his wife has to switch to the public sector and has to wait for nine months for treatment. Many serving professors have told me that they will be in predicament upon retirement. If they do not make good planning, they may fall into poverty. Though the professor and his family have been leading a middle-class life, they may immediately be caught in difficulties upon his retirement. Hence, I think, in the long term, the Government has to help people who are not living in poverty for the time being but will retire five years later. This situation is particularly obvious for the disciplined forces, for they have to retire at 50-odd years old when they are still strong. Where is the job? The authorities should help them in terms of their mental health and emotion management, and let them earn some income.

As for the Mandatory Provident Fund ("MPF") System, needless to say, it has been subject to severe criticisms. When I receive my monthly statement of my MPF account, I would rather not read it. I can only think of one word to describe it—"eyesore". It is impossible for people to live on MPF benefits after retirement, for the returns earned have been nibbled away by the management fees. MPF is useless to all wage earners no matter to which class they belong, for even a middle-class professor, he will not have much MPF benefits for his retirement life. We may have disagreement over the abolition of the offsetting mechanism under MPF. The main reason is that we think even with the offsetting mechanism abolished, the problems arising from the large retirement population cannot be solved in the long run. Hence, we propose setting up a central provident fund with reference to the system adopted in Singapore. Since a lot of interests will be at stake, the authorities can hardly implement this in one go. Yet, what do Members think MPF can do? The amount of MPF benefits is so meagre, and by the time of our retirement, I think it would have depreciated to an amount just adequate to be used as "fruit grant".

The Business and Professionals Alliance for Hong Kong has talked about the silver-hair group for years, discussing how best to enable the retired elderly to become self-employed, start their own businesses or work as consultants. In fact, the Financial Secretary's remarks made in the Budget of 2016 are impressive. He said that entrepreneurship should not discriminate against age and it should not be exclusive to the young. I think the authorities should consider the silver-hair group, for they have the ability and talent, and they can participate in society to strive for some income, which may in turn alleviate the burden of society.

In the long run, I think universal retirement protection is a subject we must consider. This cannot be achieved by a one-off provision. Recurrent expenditure must be set aside for this, and the Government has to set out all the expenses involved. Since the expenditure required has not yet been calculated, *(The buzzer sounded)* ... at this juncture, we cannot ...

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, please stop speaking immediately.

MR LUK CHUNG-HUNG (in Cantonese): This motion debate on "Establishing a universal retirement protection system" proposed by Mr LEUNG Kwok-hung, in my opinion, carries positive significance because retirement protection can both protect the livelihood of the elderly and increase the young people's sense of security with regard to their future prospects.

The poverty problem in Hong Kong is now very serious. The Gini Coefficient has reached 0.539, the highest among the developed cities. It has also hit the record high since the Gini Coefficient was introduced into Hong Kong, thus showing that the poverty problem is indeed shocking. One of the focuses of the poverty problem is elderly poverty. Many elderly people, relying only on some subsidies from the Government or varied degrees of support from their children without any fixed income or fixed job at their old age, have already fallen below the poverty line.

Having toiled for Hong Kong society for years, the elderly are so down and out in their twilight years. Some have to eke out a living by scavenging

cardboards. Their quality of life is a sorry sight. As such, is it fair to this group of elderly people?

Nevertheless, we must point out that the last-term Government has actually made commitments to welfare expenditure. For example, the overall expenditure has increased by 70% and a higher tier has been added to the Old Age Living Allowance ("OALA"). OALA and the poverty line were also introduced and set by the last-term Government.

However, we consider that the Government needs to think carefully whether retirement protection is a welfare benefit or a right. In our view, retirement protection should be—the Secretary is also present—regarded as a right similar to education and health care. It seeks to ensure that everyone can live with dignity in their twilight years. This is a principle.

One of the points in Mr LEUNG Kwok-hung's original motion, as I have read, is the need to improve the Mandatory Provident Fund ("MPF") System. We consider this a very important issue which needs to be addressed as a matter of urgency now. To improve the MPF System, it is necessary, among other things, to expeditiously, expeditiously and expeditiously—President, important things should be said three times—abolish the MPF offsetting mechanism. In this connection, the last-term Government already made a start, though this proposal is not accepted by the labour sector. Having extensively consulted the labour sector, we do not accept the proposal of lowering the rate of severance pay and long service payment in the calculation in exchange for the abolition of the MPF offsetting arrangement. We must reiterate that we do not accept this proposal.

The Chief Executive also briefly mentioned in the Question and Answer Session yesterday that the Government would examine afresh the views presented by us in the past. I hope that the Government will not delay anymore, and she has also stated that there will be no delay. I wish to see whether the Government can make a greater commitment.

Certainly, I do not think the business sector can evade its responsibility because in the past, the MPF offsetting arrangement has really made members of the public lose their confidence in MPF. It also runs counter to the original

intent of using MPF as an important pillar of retirement protection. It has already offset \$30-odd billion. In last year alone, President, \$3-odd billion was offset. Within a year, some 50 000 which I describe as "piggy banks" of retirees were smashed for offsetting, serving as emergency money during layoffs or dismissals of staff. This has indeed greatly discounted our MPF benefits.

Apart from the offsetting arrangement, another problem of MPF which has been a subject of criticisms is its high fees and low returns. One of the reasons for its high fees and low returns is the lack of a full portability arrangement for MPF, which is to some extent related to the MPF offsetting arrangement because the employers need to lock the money with them and use it for offsetting at any time. For this reason, as long as there is the offsetting arrangement, full portability cannot be implemented. Hence, it is important to enhance the MPF System.

We hope that the Government can act with greater vigour and determination. Since the Government is aware of the numerous problems of the MPF offsetting arrangement, it should put forth a proposal that upholds the rights and interests of wage earners and acceptable to them, rather than one going backward in terms of their rights and interests. It is because, after all, wage earners account for the majority in society. They represent the majority voice and interests in the community.

As we all know, even if employers are required to bear this MPF payment, it will account for less than 0.4% of their annual wage cost. Now the annual profits tax revenue from the business sector has repeatedly hit record highs. We believe that in a business environment which can still be deemed as desirable, the business sector is absolutely able to make such a commitment. Furthermore, the Government has put in place different measures to help the business sector resolve problems of their concern during the transitional period. Hence, here we appeal to the business sector again to make a commitment and take a step forward in respect of the MPF offsetting problem. Do not procrastinate, divert the people's attention, confound black and white or even make threatening remarks to continue to stall the progress of abolishing the MPF offsetting arrangement.

In closing, I wish to talk about the issues of retirement protection. Some people put retirement protection, or non-means-tested retirement protection—which is supported by the Hong Kong Federation of Trade

Unions—and the Government's infrastructural projects or long-term investments in a confrontation, holding that the Government only works on infrastructure but not retirement protection. It should spend the money set aside for infrastructure on retirement protection instead. I think such a confrontational mindset is biased because sustainable economic impetus is vitally important if retirement protection is to be provided in society. For this reason, it is necessary to (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Mr LUK Chung-hung, please stop speaking immediately.

MR LUK CHUNG-HUNG (in Cantonese): ... strike a balance among various aspects.

MR SHIU KA-CHUN (in Cantonese): I thank Mr LEUNG Kwok-hung for proposing the Member's Motion on "Establishing a universal retirement protection system" because this motion tells us that a full stop has been put to neither the controversy over retirement protection nor universal retirement protection, notwithstanding the Government's claim in late 2016 that the consultation exercise on retirement protection had been concluded. The Government may see it as a full stop, but to members of the community, the elderly and those who have been fighting for universal retirement protection over the past 30 years, instead of a full stop, it is an exclamation mark at most.

As a university teacher of the Department of Social Work, former Legislative Council Member, member of the Commission on Poverty and the Chairperson of the Community Care Fund Task Force, Secretary Dr LAW Chi-kwong is discharging his official duties in the Legislative Council today for the first time in the capacity as the Secretary for Labour and Welfare, who even has to respond to our motion on universal retirement protection. Such a coincidence has really given me a sense of destiny. I should address "CK" as Secretary Dr LAW Chi-kwong today, who is my senior. He is my senior in both the education sector and the legislature. In front of this senior of mine, I actually need not say much about the arguments and reasons concerning universal retirement protection. When he took office, I described him as a competent person in front of the media. His left brain is well developed, and I just hope that his right brain is equally so. The left brain governs logic and arithmetics, so

that we may cope well in the information age. The left brain also governs the right side of the body, so that we may have a clear comprehension of literal meaning and analyse a great deal of details. But today, we are about to enter the age of the right brain, which stresses empathy, story sense, design and experience, and concerns how we control the left side of our body, read between the lines and consider the big picture. Talking about empathy, I think I should discuss it with Secretary Dr LAW Chi-kwong. I do not know what feelings he has towards the words "hardly able to afford three square meals a day" today. Indeed, starvation is seldom the direct cause of death in Hong Kong, but quite a number of grass roots are still living in apprehension worrying about having enough to eat and making ends meet. According to the findings of the "Research Study on the Deprivation of the Disadvantaged in Hong Kong" jointly conducted by The Chinese University of Hong Kong and the Hong Kong Council of Social Services in 2014, more than 36 000 people territory-wide are unable to afford three square meals a day due to financial difficulties. The impoverished elderly are among the grass roots subject to such apprehension daily, and these figures do not cover a large number of hidden cases.

What will the elderly having not enough food do? I have come across a number of elderly people. Some of them will have frugal meals, so that they may afford three meals with the same amount of money. Some of them will purposely buy discounted vegetables at the markets just before the stalls close. Some of them will even pick through the rubbish bins or back alleys of markets for rotten vegetables as their meals just to save a few pennies. Some elderly people tell me that they will buy the cheaper pork bones by all means, not because of their good taste but because of their durability, so that they may have seasoned congees for a few more meals.

In addition, I believe when we go to the fast food restaurants and the food court of Dragon Centre in Sham Shui Po, we will find some elderly people eating the leftovers of others. Could we call it an elderly care policy? What will those elderly people who look for more do? They will try to get information about the districts where they can get meal boxes from charity restaurants and necessities for free. But let us not assume that the act of giving away meal boxes is something that will do the elderly a big favour because more often than not, they have to queue up for four or five hours in hot or rainy weather just for a 30-dollar meal box, and this is no exaggeration. What will keep Secretary Dr LAW waiting in line for four or five hours? To him and me, this may be a mere 30-dollar meal box. But every single day, it is common for a few hundred

to a thousand elderly people to spend this much time in exchange for a 30-dollar meal box, as they can hardly afford three square meals a day.

What will those elderly people who expect even more do? Every morning, they will recover old newspapers at MTR stations, and scavenge cardboards and soft drink cans from shops, back alleys and rubbish bins for sale, earning as much as they can. I once saw that an old lady aged 93 took the trouble to push a cart loaded with cardboards from Sheung Shui to Fanling for sale to recyclers there, in exchange for 10 cents per kilogram of cardboard. Apart from spending more than an hour on a round trip, she had to push the heavy cart that she could hardly control uphill and across traffic all the way through, giving her a hard time and putting her at risk. Could this be an elderly care policy that we are happy to see?

Given the Hong Kong Government's distaste for parasites, some elderly people have internalized the idea that receiving welfare is a shame. This is our so-called spirit of the Lion Rock. While they are apparently a group in need and the Government is duty-bound to afford them protection, the community will encourage them to be self-reliant with words like "Work hard and you will make ends meet". As a result, they would rather live a hard life than seek help from others.

Another case that I know is a singleton elderly aged 90 who still works as an outsourced cleansing worker to earn a living. When we saw this stooped old lady keep scavenging the rubbish bins and opening the garbage bags to see what she could load onto her cart, I did not know how the Secretary would feel at seeing such a scene. I felt an impulse to go over and say "sorry" to her because those with means in Hong Kong owe the elderly much. I also wonder whether I should feel happy for this 90-year-old as she manages to make ends meet by getting a job paid the minimum wage, or feel sorry for her. Nevertheless, I am afraid without this job, this old lady will not be able to lead a normal life if she has to rely on collecting cardboards to get by. At this point, there will always be someone who says that it is good for people, retired but not out, to stay in the game even in their twilight years. Is our elderly policy meant to torture the elderly? Could we call it an elderly care policy?

President, I so submit.

MR FRANKIE YICK (in Cantonese): President, it is understandable that the public is concerned about retirement protection since the elderly should be endowed with a sense of security. With the aging population, the Liberal Party supports the Government to make early planning on the establishment of an appropriate retirement protection system, so that people can receive a certain amount of money to meet their basic living expenses when they reach retirement age. However, as I spoke on Dr Fernando CHEUNG's motion on "Universal Retirement Protection System" on 24 October 2012, a universal retirement protection system that can enable the elderly to enjoy retirement life free from worries without imposing an extra burden on our next generation is yet to be seen in the whole world.

A universal retirement protection system incurs huge public expenditure. The limited financial resources that we have must be spent properly and allocated efficiently. The Liberal Party can by no means agree with a universal retirement protection scheme that offers a flat-rate allowance without any means test, that is, a scheme handing out cash to all, be they rich or poor. As the population is ageing, the proportion of people aged 65 and above is expected to rise sharply, so is the overall dependency ratio. Hence, a universal retirement protection scheme financed on a "pay-as-you-go" basis will bring a heavy financial burden to society.

As a matter of fact, it is unreasonable of the Government to always shift the responsibility of retirement protection to the business sector and employers. The Liberal Party opposes any proposal that requires further contribution by the business sector, as most micro, small and medium enterprises are already shouldering heavy expenses on employee benefits, any increase in their burden will only force them out of business.

The Liberal Party suggests providing protection to the retired elderly according to their financial needs and setting an assets limit so that elderly people can enjoy a certain degree of retirement protection. Moreover, owner-occupied property should not be factored into the calculation of their assets, so that most elderly people who own one self-occupied property can maintain their original standard of living.

Insofar as the proposal to abolish the Mandatory Provident Fund ("MPF") offsetting mechanism is concerned, the Liberal Party and the transport sector will not render it support as it is in breach of the then consensus on establishing MPF schemes. The paper "Business Impact Assessment of Abolishing MPF Offsetting" tabled by the Economic Analysis and Business Facilitation Unit to the Legislative Council in February pointed out that 2 400 companies may turn from making profits to incurring losses should the offsetting arrangement be abolished and the transport sector would be the first to bear the brunt. Additional expenses entailed by abolishing the offsetting arrangement will be borne by the companies, exerting huge pressure on their operation and may even put them at higher risks of closure.

In order to reduce operational costs, employers are forced to become unscrupulous by first dismissing the employees before the cut-off date, then re-hiring them on contract terms or on a short-term basis, or even completely outsourcing their work processes. In a public hearing in connection with the abolition of MPF offsetting at the Legislative Council last month, some taxi trade associations stated the possibility of outsourcing taxi radio stations, thus alienating employer-employee relationship and affecting the structure of the labour market. Given the knock-on effect, companies will transfer their costs to society, and that is, increasing fares when possible, and this will eventually reduce Hong Kong's competitiveness. Micro, small and medium companies which cannot raise their charges will gradually close down, leading to a more serious unemployment problem to be borne by society as a whole.

To provide the elderly with better retirement protection, the Government should further improve various elderly welfare initiatives, such as the Old Age Living Allowance, and encourage family support for the elderly through tax concessions, including increasing the tax allowance for maintaining dependent parents and grandparents. The Government should even consider relaxing the restriction on the tax allowance for maintaining parents residing with the taxpayer. Instead of having to live in the same flat, a tax allowance should also be offered to those who live in the same housing estate or the same building and provide home care, so as to encourage people to take care of their parents.

President, I so submit.

MR CHAN KIN-POR (in Cantonese): President, I support the enhancement of our retirement protection system to provide needy elderly people with more comprehensive protection. But I do not agree to a Demo-grant system with uniform payment for everybody irrespective of whether one is rich or poor. Actually, many elderly people in Hong Kong need social assistance. The Government should concentrate its resources on helping the needy elderly people to provide them with financial assistance of a larger amount.

Up to this point of my speech, I can foresee that some people may criticize those Members who do concrete work and speak the truth in the manner of hurling personal attacks. Indulging in their make-believe world, those Members who reprimand others with vulgarisms think that so doing can deter other Members from expressing dissenting views. In my view, they are doomed to fail. Perhaps, some other Members may dismiss Functional Constituency ("FC") Members as a hindrance to development and poverty alleviation and therefore propose to abolish FCs. As Members all know, most FC Members are professionals or representatives of various sectors and industries. All along, they have rendered the greatest support to fostering Hong Kong's development and enabled the Government to receive more resources for alleviating poverty. Therefore, I actually find it ridiculous and baffling to hear the proposal for abolishing FCs from Members who oppose development.

(THE PRESIDENT'S DEPUTY, MS STARRY LEE, took the Chair)

I wish to reiterate that filibustering underpinned by subjective motives or indiscriminate filibustering will definitely hinder the development of Hong Kong. As a result, Hong Kong will have to pay a price, and the Government will be deprived of resources to properly discharge its responsibility of providing retirement protection. These harms will surface gradually. I believe that after I have made these remarks, some Members may level malicious criticisms at me later on. But I will not give any reply, solely because I do not have another opportunity to speak again today. The relevant Members should not have the delusion that they are correct because of this.

I support the broad direction of the Government's poverty alleviation efforts, hoping that as far as our public finances permit, subsidies of a greater sum

can be disbursed to the needy elderly people. And, speaking of an assets test, the principle of leniency should be adopted, so that the needy elderly people can be included in the scope of protection. At the same time, the Government should also assure elderly people that in times of economic growth, the level of subsidies will be raised correspondingly, including the "fruit grant" which does not require any assets test.

During this motion debate, Members also discussed the offsetting mechanism under the Mandatory Provident Fund ("MPF") System. My stance on this matter is open, and I hope that various stakeholders can sit down and talk it out. Actually, the previous-term Government already put forth a "cut-off" proposal. But the result was that it was rejected by both employers and employees. The new Chief Executive even said that it was necessary to conduct a fresh study. Today, we can also see that the offsetting mechanism has actually produced huge impact on grass-roots people. But the abolition of the offsetting mechanism will deal a great blow to small and medium enterprises ("SMEs"). All these issues must be handled with care. Nevertheless, Members must note one point. When the MPF System was introduced back then, the Government promised to include the offsetting mechanism in exchange for the support of the business sector. So, it is not unjustified for the business sector to voice opposition now. The respective arguments put forth by employers and employees are all justifiable. So, instead of acting on impulse, both sides should give holistic consideration to this matter with an attitude of mutual understanding and accommodation, in a bid to jointly identify a win-win solution.

Regardless of what proposal is devised at the end of the day, employers should not be required to pay back any severance payments and long service payments which they have expected to use for offsetting purpose even if the abolition of the offsetting mechanism is to be effected. Otherwise, this may cause unfairness to them. The reason is that they have already expected that the relevant sums can be spent for offsetting. I do not believe many SMEs can afford the payments if they are pursued for payment all of a sudden. At the same time, the Government should implement the relevant arrangements in phases as far as possible, so as to reduce the impact on the business sector, particularly SMEs. I do not believe the labour sector will wish to see a wave of business closure among SMEs resulting from the abolition of the offsetting mechanism.

As regards the proposed public annuity scheme, I think it is a desirable proposal, and I know that many people are interested in the scheme. This form of retirement protection scheme is precisely suitable for those better-off elderly people. The problem at present is that its limited scale may be unable to meet people's demand. So, the Government should gradually expand its scale. Besides, I have also proposed to link up the MPF schemes with the public annuity scheme, so that retirees with a sound financial basis may withdraw and deposit their MPF accrued benefits into their public annuity accounts to open up another avenue for assuring their retirement protection.

I so submit.

DR CHENG CHUNG-TAI (in Cantonese): Deputy President, before all else, I must state clearly that I support the implementation of a universal retirement protection system as far as my political stance is concerned. But at the same time, due to constraints in the policy environment of Hong Kong, we honestly need further discussions and face constraints when it comes to the implementation of such a system. I will expound on this as follows.

I will first talk about my political stance. The essence of universal retirement protection is certainly the word "universal". A universal retirement protection system does not simply emphasize equal entitlement for all people. Rather, the policy effecting the implementation of this system should reinforce the civil rights, civil identity and civil awareness of Hong Kong people. It is because everybody must bear certain responsibilities under the relevant policy as long as they are Hong Kong permanent residents (namely, Hong Kong nationals), without any distinction between the rich and the poor, their background or upbringing. And at the same time, such a policy should reflect the rights to which they are entitled as Hong Kong citizens.

We may look at a brief episode in history in order to understand more easily the underlying rationale of such a policy. In the 1980s, then incumbent Governor Sir David TRENCH enforced an Attendance Order in Hong Kong and implemented compulsory education. Lord MACLEHOSE, the successive Governor, even introduced six-year and then nine-year free education. This is what we call a "universal social policy", one which confers a right to which everybody is entitled. All of these systems constitute an obvious distinction between Hong Kong and Mainland China in respect of social institutions.

So, on this basis, I will say that anyone whose political stance is supportive of universal retirement protection actually will not oppose the setting up of a baby fund. Of course, speaking of conditions, Members may have their own factors for consideration or something they do not agree. In the following part of my speech, I will point out why we still have room for further discussions on the conditions for implementing universal retirement protection.

As I pointed out at the beginning of my speech, the first important point is the word "universal". This is the core and the key. At present, people are unable to determine the meaning of "universal". I wonder if this is because the definition of "citizens" is not stipulated in the Basic Law, or because in reality, we are utterly unable to project the elderly population in the future. Due to Hong Kong's lack of autonomy in formulating a population policy, a deficiency has emerged in the course of execution. Simply put, the reason is that Hong Kong is not vested with the authority to vet and approve one-way permits. Owing to this deficiency, many people or youngsters who perceive Hong Kong as their root are gravely concerned about the implementation of universal retirement protection. Their concern is only natural. The target of a baby fund we discussed must be our own babies. But in the case of elderly people, some of them are new arrivals whose entry to the territory are not vetted and approved by Hong Kong. People know nothing about their background, elderly care needs or basic living needs in Hong Kong. So, they question why the young generations have to support these new arrivals who need elderly care. Simply put, the primary condition for implementing universal retirement protection is to recover the authority to vet and approve one-way permits.

The second point is that the notion of "universal" is in conflict with an existing policy in Hong Kong. "Universal" emphasizes no distinction between the rich and the poor and their background. But from the perspective of political philosophy, one scheme under the existing retirement protection system in Hong Kong is in conflict with this concept—the Mandatory Provident Fund ("MPF") System. The MPF System stresses that only those who are able to make money can receive retirement protection. Therefore, from the perspective of political philosophy, the two cannot co-exist. If the Government has political affiliation, a policy platform or philosophy of governance, how can it possibly tilt to the right and implement the MPF System while adhering to the centre-left position and implement a universal retirement protection system? So, my position is that the

second condition for implementing universal retirement protection is to abolish the MPF System.

The third point is about a more specific policy constraint. We find that one aspect of a universal retirement protection system is very worrying, and it concerns an important concept suggested by Mr Michael TIEN just now. A universal retirement protection system is not simply about welfare benefits or equality; it is more a policy to manifest justice. By this, I mean that people's contribution to Hong Kong differs from one person to another, including homemakers and some social groups, whose contribution cannot be measured or calculated in the market. In that case, how can we ensure that they can enjoy a basic quality of life in their twilight years after retirement? This is the question about justice raised by Mr Michael TIEN a moment ago.

But at the same time, there is another constraint in reality, and it is the constraint imposed by the tax regime. Why does it arouse people's worries? Because it is related to the concept of "universal" I mentioned just now. Since Hong Kong people are not vested with the authority to formulate a population policy and are therefore unable to project the future elderly population we need to deal with in Hong Kong, one focus in our discussion on the implementation or otherwise of a universal retirement protection system has become blurred. The focus concerns the question of whether any distinction between the rich or the poor should be drawn under this system. Initially, it was irrelevant. We must manifest justice if we are to make it irrelevant. How can we maintain the implementation of a universal retirement protection system on a sustained basis? We must introduce a progressive tax regime. Under a universal retirement protection system, there is all the more reason for those earning a higher income to pay more in tax. When implementing a universal retirement protection system, the Government is essentially doing the work of redistributing wealth. I raised the third condition because the Government has utterly failed to formulate any long-term vision or concept for our future development. The Government has failed to consider how young people can sustain social development if it dawns on them that even they may be unable to take care of themselves in old age or due to uncertainties in life. When effecting its governance, the Government should give thoughts to the vision of long-term social development.

All in all, as long as the three conditions mentioned are fulfilled, I will support the implementation of a universal retirement protection policy. Some

prerequisites and conditions are involved: first, abolishing the MPF System; second, recovering the authority to vet and approve one-way permits; and third, introducing a progressive tax regime.

Thank you, Deputy President.

MR ANDREW WAN (in Cantonese): Deputy President, I cannot help feeling upset as I listen to the remarks made by a number of Honourable colleagues earlier. In fact, the people of Hong Kong have all along been striving for a reasonable retirement protection system. From the fight for a central provident fund in the 1980s to the subsequent establishment of the Mandatory Provident Fund ("MPF") System, we have gone through a long and winding path. Deputy President, we indeed share a common goal, that is, to ensure that the elderly are taken care of. Regrettably, to date, this goal has not yet been achieved.

Hong Kong does have "hearsay" retirement protection, yet this is just "hearsay", as in Cantonese, the pronunciation of the word "hearsay" (傳聞) is a pun of the word "universal" (全民). The Government keeps saying that the social security and safety net in Hong Kong are adequate. Yet at the same time, in reality and in the community, as a number of colleagues mentioned earlier, we can see many elderly people living in a hand-to-mouth predicament. Many elderly people have to line up for dole or to relieve their hunger by picking leftover fries and soft drinks at the McDonald's. Whenever voluntary organizations like the Food Angel arrange giveaway meals, people may feel that they are showing kindness and helping the poor. Yet, if one is there, one cannot help feeling sad. I think the Secretary must have experienced that, too. Why would this situation occur in Hong Kong? Why do the elderly have to brave the elements merely for a box of rice? They are old, yet do they still have dignity?

Let us look at the relevant figures. Some colleagues have sung praises of the Secretary and the Secretary does not have to deny his strengths. When it comes to engagement in politics, teaching in the university and social policies, the Secretary is senior to me. Indeed, there is no reason for the Secretary to not know these figures, for these are his strengths. The elderly population in Hong Kong is around 1 million. Among these people, 300 000 (over 30%) are living below the poverty line, whereas the elderly poverty rate is twice the general poverty rate. These figures are indisputable. The problems faced by the elderly are challenging.

We may look at the information of the census in 2016 published by the Census and Statistics Department some time ago. According to the "Thematic Report: Household Income Distribution in Hong Kong", the Gini Coefficient had increased from 0.537 in 2011 to 0.539 in 2016, which is a record high in 40 years. In other words, the disparity between the rich and the poor in Hong Kong is approaching 1, whereas the status of extreme disparity between the rich and poor is reflected by the coefficient 1. In other words, the problem of disparity between the rich and the poor is worsening. Certainly, many people may argue that the coefficient is not the sole indicator, for the figure reflecting the disparity between the rich and poor may have been driven upwards because the well-off people have become better, and improvement may have already been achieved. People making such remarks are really ridiculous and their "unrealistic coefficient" must be high. They have given no regard to the reality, unaware that people are in deep water. How can they make such remarks when people can hardly meet with their daily expenses on accommodation and meals and live in constant insufficiency? I am really shocked.

Moreover, the Secretary mentioned the five pillars earlier. I am in no position to teach a fish to swim, for the Secretary must be well-versed in the subject. Hence, I will not repeat it. Yet, I would like to tell him that exactly because of the cracks and inadequacies found in the five pillars of Hong Kong, many elderly people have come forward today and the community has expressed a strong demand for improvement. Many colleagues have mentioned one of those pillars, that is, the Mandatory Provident Fund ("MPF") System. This pillar has obviously prevented the public from enjoying a sense of security in their old age. Dr Priscilla LEUNG said earlier she did not dare read her MPF monthly statement; me too. First, in most cases, the balance is in the deficit. Second, even if no loss is recorded for the year, the growth in benefits will not be adequate to meet the management fees. In the past year or two, the situation seemed to have improved. However, in view of the current trend, I can assert that if the public decide to live on MPF benefits in their old age, they may end up begging on the streets. As for a number of colleagues in the legislature, they may have to join the queue for free meals when they grow old.

I have two pieces of advice for the Secretary. First, the Secretary is an academic and a clever person. Yet, I would like to stress that the Secretary is not the only clever person in the world, and I trust the Secretary understands this full well. There is an organization called the Alliance for Universal Pension ("AUP") now, and I know that the Secretary has had exchanges with them in the

past. AUP has put forth a community academic proposal which is drafted by 180 academics engaging in gerontology and social welfare. The proposal seeks to introduce a seed fund with a provision made by the Government. According to the original proposal, the seed fund should be \$50 billion, but due to further procrastination by the Government, they now propose a seed fund of \$100 billion. Indeed, I trust that \$100 billion is affordable to the SAR Government. According to the remarks made by Chief Executive Carrie LAM yesterday, money is not a concern, and problems that can be resolved by money will not be a problem. At present, \$100 billion is like a drop in the ocean in the expenditure of Hong Kong, for the amount incurred by those "white elephant" projects often exceed this amount. Deputy President, am I right?

Mr CHAN Kin-por has also expressed his opinions fuelled by his feelings. I do not know why he would express the problems of the Finance Committee at the Council meeting and link every issue to filibuster. Yet, I think the filibuster by the SAR Government has been the most successful. Why? The "hearsay" retirement protection has been dragged on for several decades. The provision of retirement protection is merely a rumour, it is just hearsay. There is no retirement protection at all. Every time, the issue is dealt with in a manner like squeezing toothpaste. If anything happens, it will cover the wound with a plaster to stop the bleeding. I hope the Secretary knows that many proposals like the one mentioned just now are available in the community and I hope he will listen to the opinions of the public by all means. Yesterday, Carrie LAM said that she would instruct the Secretaries of Departments and Directors of Bureaux to communicate with people's organizations to listen to genuine public views.

The speaking time today is short. I only have seven minutes, and I cannot set out all the figures. Yet even if I do not mention them, the Secretary has all those figures at heart. I share the view of Mr SHIU Ka-chun, that apart from intellectual calculation, the Secretary should also feel the actual situation in reality with his heart. I would like to tell the Secretary, as we said earlier, we hold expectations for the administration of the Secretary (*The buzzer sounded*) ... Thank you, Deputy President.

DR LAU SIU-LAI (in Cantonese): Deputy President, I speak in support of Mr LEUNG Kwok-hung's motion. I also agree with the remarks made by many Honourable colleagues, that is, I support the community-initiated 2064 Universal Old Age Pension Option because it is a sustainable option proposed after

calculations done by a number of scholars. Operating through different financing schemes, the option is also well-designed, thus reassuring to elderly persons. I will expound on it later.

However, I would like to make one point first. Why do we need universal retirement protection? The reason is indeed elderly care. What does elderly care entail? Many elderly people have gone out of their way to come to the Legislative Council these past several days, and they have a detailed description of elderly care which, in a few words, simply means they want to enjoy a secure old age. As a matter of fact, universal retirement protection provides for them not only economic allowances, but more importantly, security about their life in old age at the time of retirement. Such a sense of security cannot be bought with however much money. Through improvement in social policies, the Government can help elderly persons enjoy a secure old age.

Having said that, the current Gini Coefficient is 0.539, and we certainly know that the grass roots live in dire straits, and among them, the elderly can be regarded as the most disadvantaged in society. Despite already having no income, they need to meet many expenses in daily life. Rents are rising every day, and many elderly persons are already—just as Mr SHIU Ka-chun has suggested—living from hand to mouth.

Recently, many elderly persons, including cleaning workers and those living in housing estates managed by Hong Kong Housing Society, have come to the Legislative Council. Most of them told me that they could not manage to have three meals a day but basically one main meal and some non-staple food at night, because the living cost is simply too high and they would rather skimp on food and clothing. They find a \$10-plus cup of milk tea too expensive and too exquisite a beverage for them to enjoy. Do we have the heart to let elderly persons lead a life like that?

Our current social security system indeed protects the lowest tier of the grass-roots elderly persons. Why is universal retirement protection not implemented? Why is it not implemented universally? Why must it be means-tested, while the non-means-tested option is not allowed? The Secretary and the Government often say the reason is to concentrate resources on helping the poorest elderly persons.

Of course, poor elderly persons need assistance with concentrated resources, but does it mean that those living above the poverty line have no need

at all? At present, we do not allocate too many resources to supporting the poorest group of elderly. I will be very delighted if the Government gives them \$10,000, but it is not the case in true life. Assistance given to the poorest group of elderly has to be means-tested, and it amounts to only a rather miserly several thousand dollars.

The authorities have introduced the Higher Old Age Living Allowance, the income limit of which is generally more relaxed. How much is it? A few hundred thousand dollars. In fact, is a few hundred thousand dollars enough for elderly persons to spend a few decades of retirement life? Secretary Dr LAW Chi-kwong, is it enough for you? It is not enough, so what actually presents the greatest hardship to the elderly persons? With that sum of money in hand, they worry about when they will fall ill; an angioplasty costs more than a hundred thousand dollars. With a few hundred thousand dollars, they have to count how many years they will live, how many meals they can eat and how many pieces of clothes they can buy. It would seem better to die sooner.

Therefore, many elderly tragedies have caught our eyes in which they engineered their own euthanasia; it is indeed more than just one case. According to a survey conducted by two universities in 2012, nearly 60% of the elderly people suffered from depression in Hong Kong. They find life unprotected and it difficult to feel secure. They think that they had better die sooner and cannot imagine how much more desperate their circumstances will be. These situations all truly exist in society. Otherwise, a recent case in which an elderly person was prosecuted by the Food and Environmental Hygiene Department for selling a piece of cardboard at \$1 would not have happened. The old lady was afraid to be regarded as a burden to society for receiving the Comprehensive Social Security Assistance and so did not claim it. At 75 years of age and suffering from acute arthritis, why does she still drag her aged body out to collect cardboards? Because our society is very heartless.

The Government often says it needs to concentrate resources on helping the poorest elderly persons but, after coming under frequent criticisms, launched the annuity scheme which is absolutely preposterous. Our society only helps the most disadvantaged group with, however, such meagre amounts that are just enough for them to make ends meet. Then for the wealthy elderly persons, the Government has introduced the annuity scheme for an investment of \$1 million by them. I do not know how many elderly persons can afford investing \$1 million. And how many millions should an elderly person have for him to fish out \$1 million and make an investment?

Eventually, elderly persons owning assets valued at several hundred thousand dollars are afforded no protection. This group of elderly persons who have some savings and are living above the poverty line are leading the least secure life in society. The meagre savings they built up by hard work in young age have become the greatest curse in their life, causing the Government to completely not cater or care for them. Honestly, do we have the heart to let our society do that?

Universal retirement protection needs to be implemented not because of the so-called populism but because we truly hope that elderly persons can live with dignity and enjoy their legitimate rights. Every elderly person has worked hard to contribute to the economic achievements of Hong Kong. What does the protection they should be given after retirement have to do with their income and assets?

I feel obliged to respond to the comments made by Mr Frankie YICK just now. We do not propose to implement a "pay-as-you-go" system. The 2064 Universal Old Age Pension Option is the latest practice to "make hay while the sun shines" so that retirement protection can sustainably operate and more funds can be accumulated sooner to meet the needs arising at the peak of population ageing.

I must also respond to the remarks by Mr Martin LIAO. Universal retirement protection is certainly no panacea because our elderly policy is riddled with problems. Apart from implementing universal retirement protection, the Government must improve the institutionalized system for elderly care and home care services for elderly persons to truly enjoy old age. May these Honourable colleagues squarely face up to how evasive this Government has been in the past 10 years and more, which has put elderly persons in dire straits. Please help us plug these loopholes one by one so that they can enjoy a secure old age. These are the due obligations of the Government, because our fiscal reserve has been hard-earned by the elderly persons when they were young.

MR CHAN CHI-CHUEN (in Cantonese): The LEUNG Chun-ying Administration often brags about its benevolent policies. If there is any, there is only this one: the setting up of the Old Age Living Allowance ("OALA").

OALA was originally a good initiative. Since the amount of the "fruit grant" is too small, an additional amount of money is provided. If there is no means test for OALA, its function will be close to that of universal retirement protection. The only difference is the amount of money. However, when LEUNG Chun-ying introduced OALA at the amount of \$2,200 in October 2012, the means test was retained. For this reason, when the funding application was made to the Finance Committee, it met the filibuster staged by Long Hair, Mr LEUNG Kwok-hung. Hindering someone from getting rich is just like killing his parents. This saying is certainly just a joke. How can an additional amount of only \$2,200 possibly make someone rich? But since more money would be handed out, some people would certainly blame Members for hindering the allocation of funds because in their view, it would certainly be better if they could get the money earlier. They really did not appreciate Long Hair's good intention. At that time he requested the Government to abolish the means test, but I believe that in his mind, he held that even if it could not be free from the means test, if the Government accepted the asset limit of \$300,000 proposed by the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB") or \$500,000 by the Liberal Party at that time, it would still be better than the Government's proposal because the asset limit could be raised. The LEUNG Chun-ying Administration, however, did not listen at all. It listened to neither the view of the Liberal party nor that of DAB. Today, five years later, it finally took the advice of DAB and raised the asset limit to \$300,000.

As we can see, the implementation of OALA has brought a lot of troubles to the elderly. Some dare not make an application; some forced themselves to spend all of their savings; some couples, having no idea of each other's financial status, became distrustful of each other; some passed all their savings to their children, but their children refused to return the money to them. I know someone who handed all of his money to his son and then applied for OALA. Unexpectedly, his son passed away. Eventually, he had to compete with his daughter-in-law for inheritance of his estate, but he could not say that he had entrusted the money to his son, since he had declared that he satisfied the requirement of the asset limit and was eligible to apply for OALA.

In the past, posturing as a "good fighter", Carrie LAM refused to implement universal retirement protection. She even attacked Prof Nelson CHOW, an emeritus professor of the University of Hong Kong responsible for writing the research report on retirement protection for the Government,

criticizing with biting sarcasm that Prof CHOW did not know public finance and public policies. She even stirred up conflicts between the old and the new generations, saying that the implementation of universal retirement protection was unfair to the young. Consequently, some young people bought her point.

Carrie LAM, well-versed in public finance and public policies, released a consultation document last year. The document expressed clearly reservations about the principle of issuing an allowance to all the elderly regardless of rich or poor. First of all, I oppose the use of the expression "regardless of rich or poor". Speaking of "regardless of rich or poor", today some Members of the pro-establishment camp have put it as "indiscriminate distribution" and called the non-means-tested proposal as a "regardless of rich or poor" option. However, now actually many practices in Hong Kong are founded on the concept of universality. Education is universal without any means test. So is public health care. Hence, it is pointless for Members who oppose universal retirement protection to say that some elderly people hold several property units, travel a lot, and so on. If we are to conduct such a discussion, I would like to ask the following question: if we set the asset limit at \$5 million—excluding the properties in which they are now living—will they support the entire retirement protection scheme if such a line is drawn? Certainly not.

In the consultation exercise, the Government supposed the asset limit was \$80,000 and defined it as the "those with financial needs" option. It said that the "regardless of rich or poor" option might lead to an increase of 8.3% in the tax rate. It suggested that society should focus the discussion on how to strengthen the existing pillars of social security. In fact, I know that to date, Chief Executive Carrie LAM still does not support universal retirement protection. No matter what we are saying now, it is like playing the lute to a cow. What saddened me most is that yesterday, a group of elderly people fighting for universal retirement protection came to the demonstration area of the Legislative Council to stage a protest. They wished to give a letter to the new Chief Executive, but she did not take this letter from the elderly. This group of elderly people had travelled a long way to come here. Some got up in the early morning at 5 am. They came here to express their wish. They did not do it for themselves. I heard that this time their slogan was "Let every generation live assured". They did it for the next generation. Even if universal retirement protection is implemented, they do not know for how many years they can receive this sum of money. But she would not even take this letter.

The People Power has repeatedly emphasized that instead of arguing endlessly about the contribution arrangement, we had better request the Government to raise the rate of OALA to \$3,500 in the short term and abolish the means test. Such an approach is more practical. According to the application requirements for the "fruit grant", an applicant must have been a Hong Kong resident for at least seven years and be ordinarily resident in Hong Kong. Provided that he is aged over 70, he will receive it every month regardless of rich or poor. Now all the proposals in the name of universal retirement protection in the community generally request that \$3,000 to \$3,500 be handed out to each elderly person aged 65 or above every month. The only difference from the "fruit grant" lies in the eligibility age and the amount. In principle, they are the same as being non-means-tested.

In fact, the new proposal subsequently put forward by Prof Nelson CHOW happened to coincide with what the People Power had all along suggested in the past. He considered that it was hardly possible to discuss contribution with the employers again. Today we have also heard the speeches of these capitalists. It will just be futile to persuade them to make the contribution. We had better suggest that the Government fully shoulder the responsibility, reform the existing system of the "fruit grant" and directly increase its rate to over \$3,000 as the universal Demo-grant.

Certainly, if the Government is willing to implement the tripartite contribution proposal made by us, I will absolutely render it my support. But an expeditious increase in the rate of the "fruit grant" can address the pressing needs of many elderly people. Actually, what we are talking about is not universal retirement protection. Rather, it is universal retirement "subsidy". It is a subsidy rather than protection. Even if \$3,000-odd is collected from the Government, what can it protect? At most it can only subsidize the living of the elderly a little bit. I so submit.

MR JEREMY TAM (in Cantonese): Deputy President, this subject is no novelty. The issue of retirement was discussed in meetings of various scales in the Legislative Council almost every year. It is an established fact that population ageing is worsening in Hong Kong. By 2040, about one in every three Hongkongers will be an elderly person. The number of elderly in poverty is also increasing. The elderly in poverty accounted for 27.1% of the total poverty population in 2009 as compared to 31.8% in 2015, numbering at more than 300 000 people.

The existing retirement protection policy lacks comprehensive planning. The Research Report on Future Development of Retirement Protection in Hong Kong by The University of Hong Kong Department of Social Work and Social Administration showed that the personal replacement rate, that is, the ratio between pension and income, in Hong Kong is far lower than the average rate among income population in member countries of the Organisation for Economic Co-operation and Development. If this situation continues, elderly people will be increasingly dependent on their children and intergenerational injustice will become more serious. Not only will the household burden be heavier, the quality of life in retirement can hardly be protected. Hence, Hong Kong is in urgent need of a comprehensive retirement protection policy.

Deputy President, the existing protection system is plagued by two major problems. First, the Mandatory Provident Fund ("MPF") System is inadequate and does not protect everyone. Non-working population and low-income earners are not covered. For instance, the accrued benefits of housewives or self-employed persons are not sufficient to support their retirement life. According to a research brief entitled "Financial challenges faced by households in Hong Kong" published in 2016 by the Research Office of the Legislative Council Secretariat, at the end of 2015, the average MPF benefits held by scheme members was HK\$144,000, which could meet less than two years of spending of a retired couple. I believe the spending does not include rental, otherwise, they may not be able to afford it. I received a case at the Public Complaints Office two days ago. The client who has worked as a cleaning worker for 15 years received \$50,000 in MPF benefits at the end. Does the Government really think \$50,000 is enough for an elderly person?

Second, the allowances and benefits provided by the Government cannot meet the basic needs of the elderly. Allowances available to elderly aged 65 or above, such as the Comprehensive Social Security Assistance ("CSSA") and the Old Age Living Allowance ("OALA"), all require a means test. Besides, many elderly people may not apply for CSSA voluntarily as it is a stigma in their eyes. I believe everyone still remembers the incident a few weeks ago in which an old woman was prosecuted by the Food and Environmental Hygiene Department for selling some cardboards for \$1. The Government eventually withdrew the prosecution against her, but at that time she said, "I have dignity. I would rather collect cardboards than apply for CSSA." These people have worked hard for Hong Kong for years. As a Member has just said, our reserves were left to us by the previous generation. However, for dignity reasons, many elderly people and

low-income earners feel that they do not need any help and choose collecting cardboards for a living instead of applying for CSSA. I have the greatest respect for these elderly people. But should the Government dispose of the matter like this? They have dignity and do not apply for it, so we can simply ignore them. Is this the right attitude? I believe we would not agree with this.

The research brief indicated that the average monthly spending of a retired couple ranges from about HK\$6,000 to HK\$38,000. With the ever-rising Composite Consumer Price Index, how can they rely on the meagre Old Age Allowance (commonly known as "fruit grant") for a living in retirement if they do not have enough savings? The "fruit grant" is currently the only allowance not subject to any means test for all elderly aged 70 or above, but it merely offers \$1,325 a month.

The Universal Old Age Pension Scholar Proposal that Civic Party has been supporting is a solution. Retirement protection should not only be a poverty alleviation measure, for the comprehensive needs of the elderly should also be considered. Apart from basic living expenses, we want the elderly to feel respected, dignified and have a sense of security in their retirement life. This is the due right of every person. The Scholar Proposal suggested a retirement grant of \$3,500 monthly for all elderly aged 65 or above, so as to support their living. I must stress that the Scholar Proposal adopts the approach of spontaneous application. Rich people who do not apply for it will not benefit from it. Any proposal with a means test risks omission and the aim of a retirement protection reform is precisely to prevent anyone from being omitted due to any shortcoming of the system design.

The Government should stop confusing the public by saying that there is not enough money to maintain the finance of an universal retirement protection on the one hand, while on the other, spending tens of billions of dollars on one "white elephant" project after another. The Government has earmarked \$50 billion for a reserve fund to improve retirement protection. What is the current situation? The Government should cease demonizing any retirement protection proposal that benefits the entire society, face up to the aspirations of the public and adopt the Scholar Proposal.

I so submit.

DR PIERRE CHAN (in Cantonese): Deputy President, I thank Mr LEUNG Kwok-hung for proposing a motion to call for the implementation of universal retirement protection and abolition of the mechanism of offsetting severance payments and long service payments with employers' contributions for the Mandatory Provident Fund ("MPF") scheme. The implementation of universal retirement protection was an election pledge made by former Chief Executive LEUNG Chun-ying. He said that universal retirement protection is something that should be done but it turned out that studies were conducted one after another and this issue eventually just died off. Mrs LAM, the person-in-charge of the public consultation on universal retirement protection back then, commissioned Prof Nelson CHOW who specializes in researches on the elderly to conduct a feasibility study. But the Research Report on Future Development of Retirement Protection in Hong Kong published by Prof CHOW at the time was not to the Government's taste and the Government (including Mrs LAM) criticized the recommendations of Prof CHOW's research team as having made casually and far from academic. In response, Prof CHOW said that the Government's stance was actually to reject the implementation of universal retirement protection and that while his team had made the utmost effort to study and compare various proposals in the hope of putting forward the most feasible option, their recommendations were nevertheless rejected by the Government, a scenario they would not wish to see.

This incident made me think of the Government commissioning a consultancy study on the health care system of Hong Kong in 1999, followed by the publication of the Harvard Report which carried an academic research to make projections on the development of and expenditure on Hong Kong's health care system in 2016. The findings were clearly stated in the Report but at the end of the day, the different terms of Government did not take on board the Report. Why? Because it is not to their taste and what is more, expenditures would be involved. The situation is similar to that of universal retirement protection.

All I wish to say is that the Government often makes projections for the next decade or 15 years, and whether or not these projections are accurate does not matter, as I think it is more important to look at the previous reports.

From the former Chief Executive, LEUNG Chun-ying, vowing to implement universal retirement protection to Carrie LAM imposing a "death penalty" on universal retirement protection, actually many things have happened in the interim, just that nobody knows exactly what they were. But it is

definitely untrue that the former Chief Executive had, just as he himself had claimed, basically honoured the commitments made in his manifesto. As we all know, Prof Nelson CHOW is neither a radical leftist nor a scholar aspiring to welfarism. Rather, he is relatively prudent and even tends to be conservative. It is absolutely untrue that his studies lacked serious academic deduction or failed to take into account the sustainability of the proposals. I think he has put forward a Demo-grant proposal which is similar to universal retirement protection because he is genuinely concerned about the poor elderly and hopes to truly improve their living. Comparing him to officials or Members, his truthfulness and sincerity are a lot different.

The Government ultimately decided that the existing system should be retained, insisting that the means-tested Comprehensive Social Security Assistance ("CSSA") Scheme and Old Age Living Allowance ("OALA") should be used for the time being as safety net of the last resort. The Government has only proposed to add a higher tier of assistance and slightly relax the asset limit for OALA, rejecting universal retirement protection or the Demo-grant proposal advocated by Prof CHOW, both of which require no means test. This precisely shows that the Government is not compassionate to the poor elderly as it does not understand that the elderly are still impoverished even though they may have assets of a value just slightly higher than the asset limit; nor does it understand that although some elderly persons do not meet the eligibility criteria, they still very much wish to live with dignity, just as various Members mentioned earlier. Many elderly cannot accept a means test, thinking that it is an insult to them. They do not wish to live on dole in their old age and would rather stand on their own feet, or make ends meet with the non-means-tested Old Age Allowance or fruit grant of \$1,325 monthly payable to all elderly persons aged 70 or above, plus a small amount of their "funeral money". According to Prof CHOW's estimate, for this group of poor elderly who are ineligible or unwilling to receive the CSSA payments or OALA, there are tens of thousands of them in number.

The wealth gap in Hong Kong is becoming increasingly serious and there were as many as 300 000 elderly living in poverty in 2015. The Government now spends tens of billions of dollars on expenditures on social security for the elderly per annum. With the ageing population, these expenditures will only keep on increasing, and due to the means test and the labelling effect, there is always a group of poor elderly who are not taken care of and who continue to live in abject poverty. While they toiled and sweated for all their lives and worked very hard for Hong Kong, they are condemned to live in such miseries in their old

age. This is most saddening indeed. From a macroscopic angle of governance, abject poverty can take its toll on people's health, particularly the health of the elderly, and this will, to a certain extent, create a knock-on effect, and the health care expenditure will increase accordingly. While the Government may achieve savings in the expenditure on retirement protection on the one hand, the health care expenditure will increase on the other, in which case the loss may ultimately outweigh the gain.

Whether it be the Demo-grant proposal put forward by Prof CHOW's team or the proposal on universal old age pension suggested by another group of scholars or even other schemes proposed in the community, they all aim to put in place a non-means-tested protection scheme without any labelling effect to benefit all needy elderly and to enable them to receive a basic monthly income of at least a few thousand dollars, so that they can feel more at ease and comfortable in their living. All of these proposals advocate the approach of tripartite contributions. For example, the current government expenditure on provision of social security for the elderly can be channelled to a universal retirement protection fund, or part of the MPF benefits can be used as contributions, and so on. The difficulty lies in whether the Government will do it or not. I have joined the Legislative Council for one year and from what I have seen, the Government can definitely do what it decides to do.

As to whether the Government has the political will, Members will know by just looking at the deliberations in the Finance Committee on infrastructure projects involving cost overruns or huge expenditures every week. So long as the Government wishes to get certain projects passed, basically they will definitely be passed under the wings of some Members. Even for the Medical Registration (Amendment) Bill to be tabled soon, the Government has actually secured enough votes for the passage of this Bill ultimately to the neglect of the damages to be done to the doctor-patient relationship. On the question of whether universal retirement protection can be implemented, I personally think that the problem lies in the Government's unwillingness rather than its inability to do it.

Lastly, I would like to mention one thing. Although Chief Executive Carrie LAM denounced Prof CHOW's report at the end of 2015, she released a video of her meeting Prof CHOW when she was running for office of the Chief Executive. I hope that she can be truly humble in listening to views ... (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Dr Pierre CHAN, your speaking time is up.

DR PIERRE CHAN (in Cantonese): ... and implement universal retirement protection. Thank you.

MR HO KAI-MING (in Cantonese): Deputy President and people watching the television, all of you may find the remarks made by the Hong Kong Federation of Trade Unions ("FTU") relatively different from the opinions normally expressed by people who love the country and Hong Kong, for FTU always loves the country and Hong Kong from the perspective of grass roots and workers. We do not rule out or deny the need for means tests to be implemented in phases and provision of welfare and protection to the elderly according to their needs. However, in the long run, we consider it a must to establish a universal retirement protection system to provide protection to the growing number of elderly in Hong Kong. Hence, we will support Mr KWOK Wai-keung's amendment and the original motion, as well as the amendments proposed by other Members and Mr Alvin YEUNG.

Deputy President, one thing that is fair in everyone's life is the time each of us has. No matter how rich, how capable or how high and mighty we are, we will grow old. Hence, in different eras, countries must deal with issues concerning elderly care and protection and consider how to ensure that the elderly can lead a peaceful life in their twilight years. Filial piety was promoted by Chinese long time ago, hoping that by means of ethical education, young people would care for and respect their parents, fulfilling the aspired social function of raising children for one's old-age protection.

However, Deputy President, you and I are members of District Councils, and we notice an increasing number of children failing to observe filial piety. This should be attributed to the welfare system, pressure in daily life or the system as a whole. With an increasing number of people failing to observe filial piety, where the elderly are not taken care of comprehensively by their families, elderly care has deteriorated. It is definitely correct that we have to work hard during our younger years to ensure protection for our retirement life, yet the Government is also obliged to provide retirement protection to the elderly under the welfare system.

In 2005, the World Bank proposed a comprehensive income protection regime for the elderly, that is, the five-pillar model we often mentioned, and the Secretary also mentioned that in his beginning speech. In fact, two of the pillars must be undertaken by the Government. One is the "zero pillar", which is in the form of social protection schemes funded by public money. Another is the mandatory provident fund system managed by public organizations, which is the universal or integrated retirement protection we are referring to.

Deputy President, the first pillar is significant for it ensures everyone will benefit. It is the joint undertaking of the public and the government to provide a stable retirement life for all the elderly, for many people may not have work or Mandatory Provident Fund ("MPF") accounts. For instance, mothers or caretakers in families will not have this kind of savings. We do not hope to see certain people who have been living in Hong Kong for a long time end up in misery in their old age for having exhausted their savings.

Regrettable, despite five years of consultation and discussion, the previous-term Government took no action to establish this pillar. Though the Government said that it has done a lot in retirement protection, such as introducing the Higher Old Age Living Allowance ("HOALA"), public annuity scheme and Silver Bond Series, and so on, these measures do not belong to the first pillar in conceptual terms. Take the Old Age Living Allowance ("OALA") as an example. Both HOALA and OALA are considered part of the "zero pillar". But since assets and means tests are required under the scheme, the target recipients of the scheme are obviously specific elderly persons in the grass roots and those with a relatively low living standard. In other words, not everyone will be benefited. As for the public annuity scheme and the Silver Bond Series, they involve individual saving activities which belong to the third and fourth pillars. People participating in those two schemes must have a large sum of money for investment in order to make a return. In the case of housewives, I think they can only save that sum of money if they "pocket" household expenses for life. Why would I say that? For participants of the scheme have to place \$1 million with the Hong Kong Mortgage Corporation Limited to receive a monthly payment of \$5,000, and the amount varies from male to female. May I ask how many elderly persons in Hong Kong are millionaires? If they could fish out \$1 million for the procurement of annuity, I thought they would not have so many criticisms against the welfare system in Hong Kong.

Deputy President, in fact, the Government's policies on introducing measures like OALA will help some of the elderly, yet the crux of the problem is

that society aspires for the establishment of a new pillar. Nonetheless, the Government refuses to do so. It is only willing to repair the walls and the ceilings to plug the loopholes. I think this approach can in no way help addressing our major problem of elderly poverty.

Deputy President, the second pillar of the five-pillar model is MPF, yet this pillar is fraught with inherent inadequacies. Due to the offsetting mechanism under MPF, the contributions made by employers for employees will nearly be fully offset. At the last juncture, the previous-term Government eventually stated that the offsetting mechanism would be abolished. The labour sector thought that "late would be better than none", yet when the proposal was announced, the labour sector learnt that it was the same "cut-off-date" proposal suggested before the three-month consultation. As a result, neither the business sector nor the labour sector considers the proposal satisfactory.

As a Member representing the labour sector, I have to reiterate that the labour sector is more than willing to discuss with the Government arrangements for abolishing the offsetting mechanism, yet we cannot throw away the apple because of the core. By the same token, we cannot compromise the existing rights and benefits of wage earners for the purpose of abolishing the offsetting mechanism. Laws on severance payments and long service payments were enacted in the 1970s and 1980s to provide compensation to employees for meeting emergency needs when they were dismissed. Obviously, the difference of the two policies is comparable to the difference between apples and oranges. The present practice adopted by the Government is asking wage earners to trade half of an apple for a rotten orange. It is utterly unjustified. The labour sector can hardly accept it. Yesterday, the Chief Executive said that problems that could be solved with money would not be problems, and she hoped that there would be a way out with the provision of additional resources. Hence, I hope the Secretary will discuss with us as soon as possible to come up with a new enhanced proposal to solve the problems arising from the offsetting mechanism of MPF, thereby plugging the loopholes in retirement protection.

With these remarks, I support the motion.

DR FERNANDO CHEUNG (in Cantonese): Deputy President, to begin with, I thank Mr LEUNG Kwok-hung for moving this motion that demands the implementation of universal retirement protection.

Deputy President, the issue of retirement protection has been debated for many years—at least 20 years, I think. I remember that before the handover of sovereignty in 1997, Chris PATTEN proposed an Old Age Pension Scheme, and LAM Woon-kwong was one of the advocates at the time. I remember that back in those days, Nelson CHOW issued a joint petition in the press in his capacity as an academic together with some 70 other scholars to oppose the scheme. I can also remember that on this matter, CHEN Zuoer from the Hong Kong and Macao Affairs Office of the State Council asserted back then that it would end up like a "car crash killing everybody on board". In my analysis, this scheme was shelved due to political factors, very much to our regret.

What did we get in return? The Mandatory Provident Fund ("MPF") System. I think the several younger Members from the Hong Kong Federation of Trade Unions ("FTU"), including Mr HO Kai-ming, may not know the background. I returned to Hong Kong in 1996. Mr MOK Tai-kee, who was a teacher at the time—he is also a member of the HK Social Security Society—and I actively advocated a two-tier universal retirement protection proposal, and we cooperated with FTU back then. Back in those days, FTU's position was to promote universal retirement protection. But sadly, after the Government had rejected the idea, they changed to supporting the MPF System. Let me stop raking over old coals.

I wish to spend my limited speaking time on holding a brief discussion with new Secretary Dr LAW Chi-kwong because he is a rational man good at computation and talks reason before anything else. What are some of the central arguments surrounding the concept of "universal" or otherwise? First, sustainability. If everybody is entitled to a grant, our resources will be exhausted sooner or later. How can we have sufficient money? Where does the money come from? Sustainability is a leading factor that we must consider.

Good at computation, Dr LAW Chi-kwong should have read the entire study report compiled by Prof Nelson CHOW. Of all the various proposals, the universal retirement protection proposal raised by the community offers the highest degree of sustainability. The study report projected at the time that there would still be some \$100 billion after 30 years. This is indisputable.

I do not understand why the Government still insists that it is necessary to conduct consultation on the issue of sustainability despite years of discussion and the publication of Prof Nelson CHOW's report. This proposal is already

supported by statistics. What does the Government want? Obviously, this proposal for universal retirement protection is the most financially sustainable. But the Government turned a blind eye to it and said instead that further consultation is necessary. In spite of repeated consultations, an overwhelming majority of Hong Kong people will support this universal retirement protection proposal at the end of the day. The reason is simple. Because they want to have a sense of security and live with dignity.

So, the point of sustainability is already beyond dispute. The most sustainable approach is to set up a universal retirement protection system in the form of social security with tripartite contributions. If Secretary Dr LAW is interested in bringing up this matter for debate, he should present a clear analysis to the people and tell them frankly whether the "2064 proposal" put forth by academics subsequently is the most sustainable among all the various present proposals.

Second, some people think that this approach is seemingly unjust as wealthy people will also be entitled to a grant. For example, Secretary Dr LAW Chi-kwong and we as Legislative Council Members earn a handsome salary and enjoy retirement protection, and civil servants are entitled to pension. They argue that it is unreasonable to give some \$3,000 to each of them monthly after they have gone into retirement, thinking that so doing is tantamount to giving benefits to tycoons and it is not justified to give LI Ka-shing some \$3,000 monthly. This is another myth.

Secretary Dr LAW Chi-kwong can clearly explain to the public that if we fail to include LI Ka-shing, professionals like us and many high-income earners into a universal retirement protection system as early as possible, its implementation will become impossible. The reason is that it is a form of social security. The income of this social security system will mainly originate from contributions made by three sides, namely the Government, employers and employees. This means that every wage earner will be required to make contributions. The proportion of monetary contribution made by high-income earners and their contribution to the system will be higher. The ultimate result will be that even poor people, homemakers, persons with disabilities earning a meagre income or with little or no contribution before can receive protection and enjoy a basic standard of living with dignity in their retirement life.

Where will the money come from? Money will come from the rich. So, how can they possibly say that rich people will get benefits? What will be the source of money if we refuse to include university professors, doctors, engineers, professionals, and so on, into this retirement protection system as early as possible? After making contributions, they can retrieve their money when they get old. But the sums they can retrieve are actually smaller than the contributions they already made. This is rather important. This is the only way to manifest social justice and redistribute social resources.

Nevertheless, some criticisms put things the other way round when discussing the proposal which draws no distinction between the rich and the poor. Do not try to fool us. The whole situation shows that the Government is downright ignorant and merely clings to its old mentality, thinking that it will become the winner if it forever adheres to its rightist conservative mindset and only offers little.

Considering financial sustainability and redistribution of social resources, I will say this universal retirement protection proposal is actually a system making the rich help the poor, rather than one which gives benefits to the rich. The Government has failed in poverty alleviation. What is the elderly poverty rate today despite its tremendous efforts in poverty alleviation? Since 2009, the rate has remained at around 45%. Even with policy intervention, 30% of the elderly people are still living in poverty. What is the point of doing all the poverty alleviation work? Fundamentally, retirement protection does not solely aim to alleviate poverty. It is rather a form of social security, a commitment made by the whole community to the elderly people, and also a basic human right, rather than a welfare benefit.

DR YIU CHUNG-YIM (in Cantonese): Deputy President, why does the Government keep delaying on the matter of implementing universal retirement protection? Why has there been a delay of some 20 years, during which the Government has merely conducted studies but rejected its implementation? Why did a former Administrative Officer even dare come forward to dismiss the study conducted by that professor as a casual and unserious academic study? How many studies has she conducted herself by the way?

The Government's refusal to accept the proposals put forth by a moderate and objective academic bigwig in his study is really baffling to all. Let me use the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ("the Concession Scheme") to give Members an analysis of the underlying thoughts of the Government. From the experience of implementing the Concession Scheme, we can understand that the Government can actually make no distinction between the rich and the poor. The Government can even allow everybody to enjoy fare concession. As long as an elderly person meets the age requirement, he can travel on various modes of transport for unlimited journeys at a mere fare of \$2 each. The Government will also offer subsidies.

An economics scholar once criticized the Concession Scheme. The reason was that from the economics perspective, the Concession Scheme would cause wastage and deprive elderly people of choices. Many elderly people might not like to travel by vehicle. But the Government insisted on offering the fare concession to them, with the result that their use of the relevant concession might not yield the greatest benefits for them. Elderly people might need meal concession. But in this regard, the Government refused to provide them with any such concession. This would lead to an economic mismatch and wastage of economic benefits. Nevertheless, the Government insisted on providing elderly people with the \$2 fare concession. Actually, cases of abusing the Concession Scheme have occurred. According to the Court judgment on a case numbered KTCC 5139/2016, the defendant in question tapped the Octopus reader on his minibus a crazy number of times with 21 Elder Octopus cards, and he even did so during the small hours. This aroused suspicions as to why 21 elderly people would travel on his minibus during the small hours every night. By tapping the reader as many as some 8 000 crazy times with 21 Elder Octopus cards, the minibus driver deceived money out of the government subsidies totalling \$164,000 for the minibus company. Members can see that cases of abuse have occurred. But the Government has not told us anything other than merely asserting that the operation of the Concession Scheme is satisfactory.

The Government insisted on implementing the Concession Scheme, but it was unable to provide any scientific evidence to show that elderly people were in

great need of travelling by vehicle. Neither was it able to provide any scientific evidence to show that so doing could bring benefits to society if elderly people travelled by vehicle more often. In contrast, the Government merely asserted that it was appropriate to dispense with a means test as elderly people should be able to enjoy the \$2 fare concession regardless of whether they were rich or poor. Why could the Government disregard the question of fairness when it comes to the fare concession? Why did the Government refuse to concentrate its resources on helping those elderly people in the greatest need when offering the fare concession? It seems that its arguments are self-contradictory, and the Government is unable to explain itself. An economics theory points out that no screening should be required if administrative cost outdoes the amount of money that can be saved because this may be more cost-effective. Applying this concept to universal retirement protection can precisely explain why there should not be any means test for universal retirement protection.

Why did the Government maintain that elderly people should be provided with the fare concession regardless of whether they were rich or poor and in the absence of any means test when implementing the Concession Scheme? But in the case of universal retirement protection, why does the Government dismiss this arrangement as being infeasible? If Members care to ask the elderly people, they will know that one feature of the Concession Scheme commanding their greatest approval is precisely the absence of a means test under the Concession Scheme. All elderly people can travel on any modes of transport at a fare of \$2. They sing praises of the Concession Scheme implemented by the Government, saying that it is a benevolent measure. This is precisely because there is no means test under the Concession Scheme. According to an analysis of this, a more reasonable inference that can be drawn is that the Government does not want to put the money in the hands of elderly people direct. Rather, it wants to put the money in the hands of those intermediary organizations with vested interests, so that they can engage in monopolization.

By entrusting transport operators (such as the MTR Corporation Limited and franchised bus companies) to offer the fare concession to elderly users of public transport and subsequently providing subsidies to these companies with vested interests, the Government could dispense with a means test. As opposed

to the direct provision of subsidies to the elderly people, the Government's provision of subsidies to consortia would actually cause a wastage of economic benefits. Nevertheless, the Government still insisted on this approach. This reflects that if we agree to the Government's arrangement of entrusting the implementation of universal retirement protection to those government-friendly or government-specified organizations with vested interests, the Government will be likely to give the green light and agree to dispensing with a means test. In that case, elderly people may be able to have a meal at \$20 in the future, but they must patronize restaurants specified by the Government; elderly people may be able to buy a set of clothing at \$20 in the future, but they must patronize shops specified by the Government. Actually, the Government has already begun to show an intention to offer preferential reverse mortgage loans for the properties of elderly people as a means of facilitating its acquisition of their only remaining assets after their passing.

As a saying goes, "Keep the goodies with yourself." To this Government which always has its eyes on "treasures", retirement protection will turn into a big business amidst an ageing population in the future. The Government's grounds for opposing the scholar proposal are merely founded on its exaggeration of the presumed future discount and return rates. Subsequently, the Government claims that it may go bankrupt, so as to frighten people and the voices opposing the Government's proposal. In fact, the Government only wants to monopolize the flow of funds and supply.

MR CHU HOI-DICK (in Cantonese): Deputy President, I agree with Dr YIU Chung-yim's analysis. Something can obviously be achieved with the available resources, and the authorities have similarly applied the so-called concept of "universality" in its work usually. But when it comes to retirement protection, why does it withhold the money, unwilling to provide it? It turns out that it wants to inject it slowly. In this way, it can control the money flow and benefit the consortiums.

Today, I do not intend to persuade Secretary Dr LAW for the moment. I wish to persuade Mr Michael TIEN first, since he displayed a picture to members

of the public just now, saying that "equality is not always justice". He said that among the three children in the picture, one was taller and another was shorter. If we gave each of them a box of the same height, actually the taller child could watch the match without the need to stand on the box. For this reason, there was no need to give him the box. He cited this example to illustrate that it would be wasteful to provide the rich with retirement protection. I remember that during the election, Mr Michael TIEN also made the following remark: Is it fair if tycoons can also collect financial subsidies? In fact, Dr Fernando CHEUNG has already responded to his view in this regard.

What are the merits of Mr Michael TIEN's view? He approves of reforming the tax regime, introducing a progressive tax rate and increasing the profits tax rate for the mega corporations. Since he holds such a view, I would like to exchange my views with him. I have redrawn his picture so as to expound on the concept more clearly. I also hope that he can change his mind to support universal retirement protection.

Deputy President, what does the picture look like? There are three children representing the people of Hong Kong. Some are richer and some are poorer. The box represents the so-called proposed option of \$3,000-odd. Deputy President, the main question lies in the people's height and the size of the box. In reality, Deputy President, how is the situation in Hong Kong? Actually, this cannot totally reflect the actual situation, but at least it is closer to reality. In fact, these three children are not simply one or two heads taller than the other people. Rather, their assets and income are dozens, hundreds or even thousands of times higher than those of other people. That is why there is this shameful Gini Coefficient of 0.539.

The second point is, Deputy President, actually the box mentioned by us does not refer to equality. Neither does it refer to justice. Rather, it refers to the rights to which every Hongkonger is entitled, such as education, health care, use of roads, as well as the "fruit grant" which has already been put in place. That is to say, the box represents the rights which everyone should enjoy. Hence, what are we discussing? It is how big the box should be. Please take a look at my diagram. The blue line actually means that \$3,000-odd is barely enough for an elderly person to lead a life of the most basic standard. Our

discussion is just about this line. Everyone should have this box. Please do not incur so much administrative expenditure.

What is our objective? In fact, we merely wish to change this shameful figure of 0.539 slightly. After a fundamental change in our mindset, we can go back to think about the specific issues. Regarding the specific issues, Mr Michael TIEN has already expressed his support for increasing the tax rate in respect of financing. Even LI Ka-shing said it would do. What else is there to argue about?

Deputy President, our society is full of inequalities and great differences. Political rights are unequal. A vote of an ordinary citizen is already vastly different from a vote in the functional constituency. The huge difference at the financial level has also been reflected by the Gini Coefficient. Regarding the preparations for retirement protection, Mr LEUNG Kwok-hung proposes to increase the original provision in the Budget which will be used as a start-up fund from \$50 billion to \$100 billion. It seems a lot, but let us take a look. How much is there in the Civil Service Pension Reserve Fund of the Hong Kong Government now? There is \$270 billion.

Recently, the Finance Committee of the Legislative Council has been discussing the matters of the Sandy Ridge columbarium. The area of government burial land available for indigenous residents in the New Territories is 4 000 hectares, whereas that available for other Hongkongers is only 800 hectares. Deputy President, I am not trying to take away other people's cheese. I am only saying that if they have 10 pieces of cheese while the ordinary masses have only one, we merely hope that the box can be one or two inches higher so that everyone can live with dignity. This is absolutely the most basic and reasonable request.

The last point is, as mentioned by "Long Hair" in item (4) of the motion, the Government must give a clear account of the figures. Now the granting of the Old Age Living Allowance is entirely up to the Government. What is the expenditure for the next 50 years? (*The buzzer sounded*) ... Will it be different from our calculation? ...

DEPUTY PRESIDENT (in Cantonese): Mr CHU Hoi-dick, your speaking time is up.

MR CHU HOI-DICK (in Cantonese): ... This should be made clear.

MR KWONG CHUN-YU (in Cantonese): Deputy President, at the beginning of my speech, I wish to express my gratitude to a group of friends from the Alliance for Universal Pension. I think they are the most persevering petitioners in Hong Kong. Most of them are elderly people, and they have seized the opportunity of every discussion on the issue of universal retirement protection on which a consensus has long been reached in Hong Kong. They have seized every opportunity to express their aspirations in the hope that this system will be established, so that the objective of fostering a sense of security among the elderly can be truly achieved and the elderly in Hong Kong can earn basic respect through the universal retirement protection system.

These elderly are awesome, and I commended them every time they staged a petition. They often said jokingly that they themselves might not be the ultimate beneficiaries of their actions, but then they made a remark which is very important and touching. They said that the establishment of the system is to serve the people of Hong Kong in future, including every one of us in this Chamber, and also different members of the community, be they babies, children, youngsters or the elderly. When we have the best chance and the best conditions to establish this system, what is the Hong Kong Government doing? The Hong Kong Government has turned a blind eye to the problem. The new-term Government stressed the need to mend the rift in society. Then please do something about retirement protection that can best serve the elderly in Hong Kong in order to pay the most basic tribute to the elderly, instead of imposing restrictions on them by making them take a means test or whatever. There is money for developing "white elephants" projects, there is money to allow cost overruns in works projects, and there is money to do many things to crave for greatness and success but there is none to serve the elderly? How pathetic and pitiful it is.

Deputy President, concerning the governance of this small place of Hong Kong, a failure to properly take care of the people's livelihood will naturally give rise to extensive turbulence and confrontations in society. Members should know very well the following lines from the ancient times: "When the Grand course was pursued, a public and common spirit ruled all under the sky; they chose men of talents, virtue, and ability; their words were sincere, and what they cultivated was harmony. Thus men did not love their parents only, nor treat as children only their own sons. A competent provision was secured for the aged till their death, employment for the able-bodied, and the means of growing up to the young. They showed kindness and compassion to widows, orphans, childless men, and those who were disabled by disease, so that they were all sufficiently maintained. Males had their proper work, and females had their homes." This is an extract from Datong (the Great Harmony) in the Chapter of Liyun (Conveyance of the Rites) of The Book of Rites, and I trust the Secretary knows these lines very well, too. The idea that "... men did not love their parents only, nor treat as children only their own sons" is traditional wisdom passed down from a long time ago. What we need to think about and work out is how we can enable the elderly to live with dignity in their old age after they have sacrificed their prime for making Hong Kong the way it is today. They have contributed to building today's Hong Kong, but what can we do for them? We should, by institutional means, provide assistance to those people who have contributed the better part of their lives for this city, people who have to retire now and wish to access a system of suitable protection. Most importantly, what will happen once the means test requirement is imposed? I think people who have been engaged in work in the districts should know that once the means test requirement is imposed, many people would refrain from submitting an application. Why? Because it means that they will be checked for every single detail of their family, and they are concerned about omitting information in their applications. An elderly aged 70 probably has "funeral money" of some \$100,000 or \$200,000. What do the authorities want them to do? Do they have to surrender their money in full? Or do the authorities want them to be deterred from applying for the Old Age Living Allowance because they have some "funeral money"? To truly enable elderly people from various sectors of the community to enjoy their old age peacefully and comfortably with a sense of belonging, retirement protection should be considered a right of the general public, not a kind of welfare, and less so a direction of poverty alleviation.

Deputy President, a universal Demo-grant is not a novel thing. In the early 1990s there were already a lot of discussions in Hong Kong. At that time, the Mandatory Provident Fund ("MPF") System had yet been put in place. The people of Hong Kong were worried about their retirement and faced the question of retirement protection. In December 1993, the then Hong Kong-British Government proposed to the then Legislative Council the adoption of the compulsory contributory Old Age Pension Scheme ("OPS") that would provide a flat-rate monthly pension for all eligible elderly people. The Government subsequently published in July 1994 a consultation paper entitled "Taking the Worry out of Growing Old—An Old Age Pension Scheme for Hong Kong" to seek public comments on OPS. In the consultation paper it was proposed that all eligible residents aged 65 or above would receive a monthly pension equivalent to roughly 30% of the median wage. The suggested contribution rate was 3% of an employee's income to be shared equally between the employee and his or her employer. At that time, the Government even planned to make a capital injection of HK\$10 billion as a start-up fund. Residents aged 70 and above would not be subject to a means test, whereas those aged between 65 and 69 who had not made any contributions would be subject to an asset limit of \$2 million, calculated in Hong Kong dollars of 1994. But regrettably, due to strong opposition from the business sector which alleged that this measure would turn Hong Kong into a welfare metropolis, the proposed OPS eventually did not come to fruition.

Honestly, over the years we have seen that the Government has shirked its responsibilities and refused to shoulder expenditures for elderly care measures, saying that it would be best for Hong Kong to continuously develop a privately-managed MPF System while maintaining a welfare system to provide a higher living allowance for the elderly with financial needs. But as we all know, the MPF System is entirely riddled with problems. What about housewives? Elderly people approaching the retirement age cannot benefit from MPF either. Concerning the MPF offsetting arrangement, LEUNG Chun-ying, in order to make his name go down in history and before any consensus was forged between employers and employees, was bent on putting forward a half-baked MPF proposal with a cut-off date, which must be a big headache to the Secretary. What should be done now? This is why Carrie LAM has to come forth and say that further consultation would have to be conducted.

Coming back to the theme of the motion, if we admit that each and every elderly person in Hong Kong deserves respect as they really contributed their prime to building today's Hong Kong, why does the Government have to make them take a means test? Has it ever considered how badly they would be hurt by such a test? The Government said that if no means test is required, the situation would hardly be brought under control but if the Government truly respects each and every elderly person, it should immediately introduce a non-means-tested universal retirement protection scheme. This way, the objective of caring for the elderly can be truly achieved (*The buzzer sounded*) ... Thank you, Deputy President.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I thank Mr LEUNG Kwok-hung for proposing the establishment of a non-means-tested universal retirement protection system with uniform payment. I fully support this proposal and hope that the Government can implement it as soon as possible.

In fact, the Government has consistently stressed that it is unnecessary to implement a universal retirement protection system because there have all along been many retirement protection systems in Hong Kong. For example, there are many pillars providing assistance, including the Mandatory Provident Fund ("MPF") System, social security, and even personal savings. However, can these so-called pillars help the elderly enjoy their old age peacefully and comfortably? We all know that this is impossible. Take the MPF System as an example. Let us not talk about whether or not the offsetting arrangement will be maintained as the last-term Government was in default of its undertaking and the problem remains unresolved so far. Now the new-term Government said that it would listen to views and forge a consensus. What if no consensus can be forged? Then it would only be delayed continually.

Even if we do not talk about the question of offsetting or the problem that employees receive less benefits after offsetting, actually we all know how many people can enjoy the protection of MPF? Wage earners aside, the unemployed are absolutely denied such kind of protection and they include domestic workers or the sick, as well as people who are unable to work. There is no way for these people to make contributions to MPF schemes and therefore, they are completely

out of protection in their old age. Insofar as this so-called pillar is concerned, actually only less than half of it is deemed useful.

Just now I said that the Government has yet resolved the offsetting problem and in the event of further delays, I have no idea what would be left of the remaining half of this pillar. Another problem is that as the performance of MPF schemes may fluctuate with the financial market, in times of great market volatilities, employees may lose even the principal, but the Government does not provide any guarantee for the principal. If a guarantee can be provided for the principal, it would be fine even in times of volatilities but the Government does not do so. Therefore, this pillar is downright incomplete and may tumble down anytime.

Speaking of social security, as we all know, apart from the Comprehensive Social Security Assistance ("CSSA"), the Government has provided additional assistance schemes, such as the Old Age Allowance and Old Age Living Allowance. While it is not true that these allowances are not helpful at all, they do not benefit all the people mainly because they are means-tested and not everyone can pass the test. Moreover, for the purposes of the means test, applicants have to fill in many forms and are subject to a lot of checks before they can receive the allowances. As we all know, many elderly simply do not know how to fill in the forms, or they are worried about being sued for omitting information in filling in the forms and this did really happen before. I remember that in the last-term Government, Matthew CHEUNG, formerly a Director of Bureau, told the elderly not to worry about filling in the forms and he even said that the elderly might as well give their money to their children. In the end, I learnt of several cases in which the elderly were really sued by the Social Welfare Department for omission of information and these elderly were plunged into great miseries. They only wished to receive these allowances in order to live a stable life but they eventually had to face lawsuits. Then how should they tackle their predicaments? The Government just could not care less. All it said was that the elderly did not fill in the forms accurately and that prosecution would definitely be instituted if any breach of law was involved. The elderly are, therefore, deterred from making an application and this is where the problem lies. I do not know if the Government will reconsider this. Even if this system will continue to be implemented, will the Government streamline the complicated procedures of the existing system or at best abolish the means test requirement?

It would be better if the means test could be abolished, for this would be a kind of de facto retirement protection. Why does the Government not do it?

Besides, as Members all know, the Government's argument is that in the absence of a means test, it would be unlikely for social resources to be utilized effectively and worse still, there would be the problem of unsustainability. According to the then Chief Secretary for Administration, who is the incumbent Chief Executive, a universal retirement protection system cannot be taken forward mainly because of uncertainties in its sustainability, and she was concerned that the system would in no time go bust and become unaffordable. But Deputy President, I think this is more of an excuse than anything else. No system is guaranteed to remain unchanged for good. I think a system, after implementation, can be examined and reviewed continuously. In case problems have emerged, adjustments can be made accordingly. Why do we not consider this issue in this direction? Why should we always use an excuse to put it off, saying that we could neither cope with it nor afford it as the population keeps on ageing and the demand is ever expanding? What is this? This is more of an excuse than anything else. I think the Government should not do this.

On the question of MPF, the Government now said that consideration is given to abolishing the offsetting arrangement. I am worried that this is an attempt to divert attention and what is more, this will become a direction for settling universal retirement protection because the Chief Executive has kept on saying that the abolition of the offsetting arrangement is an important task, and I feel gravely concerned that the question of universal retirement protection may be shoved aside. I hope that the Government will not do this. On the contrary, in considering the offsetting issue, there is actually a more thorough option worthy of consideration and that is, abolition of the MPF System. Many wage earners have told me that they actually dislike the MPF System, and just now I already talked about why they dislike the MPF System. It is because on the one hand, they have to pay administration fees and on the other, their benefits are subject to movements in the financial market, and it is often the case that they suffer losses rather than making profits. So what good is it? The MPF System may as well be abolished and that would be the best.

Lastly, Deputy President, I would like to put forward a view. I hope Members can understand that the universal retirement protection that we call for now is different from the way that the Government now handles it in making it an issue of poverty alleviation within the ambit of the Commission on Poverty ("CoP") because it is actually not a simple issue about poverty alleviation. Most importantly, we have to enable each and every member of the public who has made lifelong contributions to society to receive benefits in return, and retirement protection is a little bit of such benefit given to them in return. The Government cannot regard retirement protection as the equivalent of poverty alleviation. In fact, that the last-term Government made retirement protection an issue for discussion in CoP is already an inherent error, and I hope this error can be corrected. The Government should establish a commission specifically for the discussion on retirement protection. It should not continue to discuss it in CoP because poverty alleviation is poverty alleviation, and it should not be turned into a retirement issue, which is most inappropriate. Therefore, I hope the current-term Government will cease to consider it in the context of poverty alleviation. The most important point is how to (*The buzzer sounded*) ... return benefits to the people who have made lifelong contributions to society.

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG Yiu-chung, your speaking time is up.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, I clearly remember that the motion on "Universal retirement protection system" moved by a Member at the meeting on 24 October 2014 was negatived since the question was not agreed by a majority of the two groups of Members present, that is, Members returned by functional constituencies and Members returned by geographical constituencies through direct elections.

Four years later, this motion today advocates "Establishing a universal retirement protection system" right at the outset. Although it seems that only the word "establishing" is added, its inclination is very obvious. The Business and Professionals Alliance for Hong Kong does not agree with the "non-means-tested universal retirement protection system with uniform payment" that it advocates.

Hong Kong's population is ageing and the life expectancy of Hong Kong people is growing longer. The risk of elderly people exhausting their savings within their lifetime is thus higher. It is indeed necessary for the Government to draw up a blueprint for an elderly care policy, so as to provide the elderly with better retirement protection. The five-pillar retirement protection model proposed in the World Bank's 2005 report entitled "Old Age Income Support in the 21st Century: An International Perspective on Pension Systems and Reform" is valuable reference. The first one is the zero pillar, which is non-contributory basic pension plan or social security scheme financed by the Government with the objective of providing elderly people with a minimal level of protection; the second one is the first pillar, which is a publicly-managed mandatory pension plan; the third one is the second pillar, which is a privately-managed mandatory occupational or private pension plan; the fourth one is the third pillar, which is voluntary contributions to occupational or private pension plans; and the fifth one is the fourth pillar, which is non-financial support, including access to informal support (e.g. family support), other social security programmes (e.g. health care and social welfare), and other individual financial assets (e.g. home ownership and reverse mortgages).

The five-pillar model only aims at providing a framework. The World Bank stressed that a multiple-pillar model is more effective than any single-pillar approach in ensuring retirement protection for the elderly. Moreover, any rational discussion on universal retirement protection should consider various realistic factors such as the existing retirement protection scheme, special reform needs and public aspirations, as well as the sustainability of the system. After years of development, with the exception of a publicly-managed mandatory pension plan, which is the first pillar, all the other pillars are providing support in Hong Kong.

In fact, the first pillar is the mainstream consensus in Hong Kong. Before the implementation of the Mandatory Provide Fund ("MPF") System, most people supported a central provident fund system. At present, a non-contributory social security system, including the non-means-tested Old Age Allowance ("fruit grant") or Disability Allowance, and the means-tested Old Age Living Allowance and Comprehensive Social Security Assistance Scheme for the elderly, provides a minimal level of retirement protection to elderly persons in financial need, which

constitutes the zero pillar proposed by the World Bank. As the second pillar, the MPF System introduced in 2000 targets at employed persons. Voluntary MPF contributions or participation in retirement savings insurance plan is the third pillar. The Hong Kong Mortgage Corporation Limited ("HKMC") has announced that a life annuity scheme would be introduced in mid-2018 the earliest to help the elderly turn asset lump sums into lifelong streams of fixed monthly income. As for the fourth pillar, HKMC launched its Reverse Mortgage Scheme in 2011 to help the elderly apply for reverse mortgage loan from banks using their home as collateral in order to receive a secure stream of monthly payments while at the same time remain in their home for the remainder of their life. In addition, the Government also provides diversified support to the elderly through other measures, such as medical care, residential care services, priority in public housing allocation and dependent parents tax allowance, etc.

Deputy President, all this clearly shows that both models—non-means-tested and financial need-based—are available in Hong Kong's current retirement protection, so why should we seek a hare in a hen's nest? The duty of the Government is not to establish a "non-means-tested universal retirement protection system with uniform payment" and hand out money to all, but to update the existing pillars, review the various allowances for the elderly and strive to bring employers and employees to a consensus on the MPF offsetting mechanism, so as to ensure that each pillar plays an effective complementary role, in which case the spirit of self-reliance can be encouraged while a safety net is provided when necessary in a caring society.

Mr KWOK Wai-keung proposes in his amendment to allocate money from the Future Fund as a start-up fund for the establishment of a universal retirement protection system. This would not be appropriate as the Future Fund announced by the Government in the 2015 Budget aims at maintaining backup resources for key projects promoting the sustainable development of Hong Kong economy in the event of fiscal deficits in the future. In view of the fact that Hong Kong is an open economy vulnerable to external factors, it is thus necessary for the Government to save for a rainy day. Hence, this dedicated fund must not be spent on other purposes.

Deputy President, careful consideration must be given to a motion that advocates studying the establishment of a universal retirement protection system which has long-term implications on Hong Kong. We should not put the next generation in financial difficulties for the sake of transient applauses or votes. We must all the more avoid repeating the mistake of some European countries which are on the verge of bankruptcy due to high social welfare.

Deputy President, I so submit.

MR LAM CHEUK-TING (in Cantonese): First of all, Deputy President, I thank Mr LEUNG Kwok-hung for proposing the motion on universal retirement protection. This motion concerns not only welfare and protection, but also social justice. Deputy President, allow me to talk about philosophy. According to the theory "veil of ignorance" put forward by philosopher John RAWLS, when we discuss how to distribute resources in society and establish a social security system, we must look at whether every one of us knows our own origins. For example, some people do not know whether they were born to LI Ka-shing or a wealthy father or of humble origins, what their abilities are, whether they are able-bodied or physically impaired, or what their fortune is. When all of us are ignorant about our own origins, backgrounds and abilities, how can we possibly discuss ways to distribute resources in society and protect the disadvantaged? Certainly, if I use Charles DARWIN's most extreme theory "survival of the fittest" as an example, I will say that some people are born with disabilities whose parents, unable to raise them, have abandoned them on the street, indifferent to when they will die of starvation or sickness. This is the most extreme case, but it does not apply to Hong Kong. Another extreme is utopian socialism, under which people's birth, ageing, illness and death are all under the wings of their State. But again, this does not apply to Hong Kong.

According to John RAWLS, given that people are rational, when we sit together for a discussion, eventually we should come to the conclusion that the most disadvantaged warrants protection as there is no way for us to know whether we will become physically impaired, mentally retarded or the underdog in our next life. Hence, we tend to protect the most disadvantaged in the most disadvantageous position.

If we look at Hong Kong, we will find there are indeed certain social security systems in place nowadays, such as the Comprehensive Social Security Assistance ("CSSA") system or the "fruit grant" system mentioned by a number of Honourable colleagues earlier, which are somewhat welfare or poverty alleviation initiatives. But are they enough? Actually not. What are the inadequacies of the existing systems of Hong Kong? As Members may know, I am a North District Council member and directly-elected Member of the New Territories East geographical constituency. I see that at present, many people are reluctant to apply for CSSA even if they live a hard life. Why? Because to avoid being labelled "lazybones nurtured by CSSA", many in genuine need would rather stand on their own feet.

How do they stand on their own feet? A number of single-parent mothers have to work many tough jobs, or even jobs that subject them to indignity. I have also seen some stooped elderly in their 70s to 80s or 80s to 90s who still have to collect cardboards. Why? It is because they may not be eligible recipients of CSSA as they still have a little savings. There was a "bad son statement" system in the past. As they do not want their children to sign the "bad son statement", or consider that they are still capable, they are reluctant to apply for government assistance, hoping that they can stand on their own feet. But I actually do not consider it a healthy sign to our society, and it has also fallen short of the kind of social justice that I have in mind.

In fact, is it really that difficult for our society to implement universal retirement protection? Certainly, the scholar proposal is actually largely based on hypotheses, while the Government's counter-proposal is also based on its own hypotheses. In fact, it is hard to tell which hypotheses are a hundred percent correct or wrong. But there has been one certainty over the years, I must add, namely the Government's budget surplus predictions have been wrong and wide of the mark.

We are now talking about what will happen a few decades later. Who will be able to make projections for such a long term? We are just exploring the possibility of offering each elderly person aged over 65 a monthly grant of \$3,500. I will actually describe it as an amount so meagre that it merely provides a basic subsistence. In fact, is it a generous offer? Absolutely not. Against this backdrop, while such a proposal is backed by some 100 scholars, should it actually not be given some thought?

Deputy President, I have one final remark for Members from the pro-establishment camp. I hope that they, though intending to oppose universal retirement protection, will not resort to labelling here, carry populism or welfarism whatsoever on their lips as their pet phrase, or echo Ir Dr LO Wai-kwok's view that we are doing this in order to win momentary kudos or votes. Sorry, it has never crossed our mind. What we have in mind are the long-term development of Hong Kong and the well-being of the elderly. We consider it an approach that can serve social justice while mending the serious rift between the haves and have-nots in Hong Kong.

I hope Members from the pro-establishment camp may give it some thought. They may try to imagine that they are among the disadvantaged referred to by John RAWLS in his theory. If they find that, after two or three decades of toil in Hong Kong, their children are unable to support them; they have a little savings yet ineligible to receive CSSA; with no income, they have to live on their "funeral money" and lead a frugal life in their twilight years, they can hardly have any sense of security. Nevertheless, if the elderly are offered a monthly grant of a few thousand dollars as retirement protection, they can actually live a better life.

With these remarks, I support Mr LEUNG Kwok-hung's motion. Thank you.

MR CHUNG KWOK-PAN (in Cantonese): Deputy President, everyone needs retirement protection. I find it unreasonable that the elderly people who have been serving Hong Kong in the past do not receive any protection after reaching a certain age. How the protection should be and who should be responsible for it is a question that warrants discussion. We do not believe it should be "universal", nevertheless, all elderly people should receive protection.

Why should it not be "universal"? Because we think that, given the limited resources, having to guarantee the protection of all elderly aged 65 or above does constitute pressure. Members of the social welfare sector have stated that the elderly can live a more dignified life with a monthly grant of \$3,500 under universal retirement. But I think \$3,500 is really not enough to meet the living expenses in Hong Kong. I personally think one needs at least

\$5,000 to live a relatively better, dignified life. However, if we are already under pressure in offering \$3,500 per person, would the pressure not be greater if the grant is \$5,000?

If some elderly people have assets and sufficient means to live a better retirement life, why should resources be allocated to them? Why should the resources not be concentrated on those who are really in need? If \$3,500 is not enough, we can give them \$5,000, but why should we give money to the relatively well-off elderly people? I do not think it is necessary. Therefore, I believe we should consider concentrating the resources on people who are really in need and let the elderly live a genuinely dignified life. Hence, although we do not support "universal", it does not mean that we believe the elderly do not need any help.

The Government is wealthy. It is not common to find a government with such ample reserves around the world. A consultation document entitled "Retirement Protection Forging Ahead" by the Commission on Poverty, on which Secretary Dr LAW used to sit, mentioned that if universal retirement protection is implemented, \$2,500 billion will be needed by 2064—Secretary, please do correct me if I am wrong—this figure seems huge, but everything is about calculations. This year is 2017. The year 2064 is 47 years from now. If universal retirement protection is implemented, \$2,500 billion will be needed by then.

Let us do a simple calculation here. Hong Kong has \$3,000 billion as exchange reserves and fiscal reserves currently. If the Hong Kong Monetary Authority can maintain a good investment return, an 3% return on \$3,000 billion means \$90 billion; an 5% return means \$150 billion. Using only the net interest without drawing on the principal, and on the basis of an 5% return, we can allocate \$50 billion per year out of the \$150 billion return to set up a seed fund for universal retirement protection. With \$50 billion invested annually, the amount will reach \$2,350 billion in 47 years, that is, only about \$200 billion short of the \$2,500 billion as indicated in the consultation document. That is to say, from now on, if the Government invests the \$3,000 billion for an 3% to 5% return and allocates \$50 billion out of the interest, the amount as mentioned in the "Retirement Protection Forging Ahead" consultation document will be more or less available in 47 years. The problem can thus be solved. Will heavier taxes be imposed on the business sector or will the amount of universal retirement

protection remain at \$3,500? A simple calculation now can already solve the problem. This is one of the solutions.

As regards the second solution, some Members and social welfare organizations proposed some time ago to allocate \$100 billion or \$200 billion to the establishment of a seed fund. Mr KWOK Wai-keung proposed to use the \$220 billion Future Fund as the start-up fund for a universal retirement protection system, which is also feasible. The Government established the Future Fund a few years ago and injected \$200 billion into it. I do not know what is the purpose of the Future Fund with the \$200 billion idling in it. Why do we not use the money in the Future Fund to set up a start-up fund? This year's fiscal surplus went up to more than \$ 110 billion. Part of the surplus can be allocated to setting up a seed fund. Many disputes can be solved if the Government reacts immediately. There is no need for a sudden tax increase or accusation of those members of the business sector who oppose establishing universal retirement protection as being heartless. I believe the cause can be achieved, and there are figures to support the calculations. Therefore, it is unnecessary to argue whether it should be universal, and whether the grant should be \$3,500 monthly. Secretary, as per my calculation just now, 47 years multiplied by \$50 billion equals to the amount suggested by the Commission on Poverty.

Thank you, Deputy President. I so submit.

DEPUTY PRESIDENT (in Cantonese): Does any other Member wish to speak?

MR WU CHI-WAI (in Cantonese): Deputy President, we should consider the concept of universal retirement protection in two aspects. First, a non-means-tested arrangement which, to a certain extent, can be described as the provision of a welfare benefit has been put in place in Hong Kong. It is the "fruit grant". Members of the public who have reached the age of 70, regardless of their financial status, are eligible to receive the "fruit grant". If we regard universal retirement protection in terms of its nature as an enhanced version of the "fruit grant", our consideration will be a little different because we need to take the financial commitment into account. Just now Mr CHUNG Kwok-pan was right in saying that if this \$3,000-odd was regarded as retirement protection,

it would certainly be difficult for the elderly to cope with the daily expenses and live with dignity in their twilight years.

Regarding the concept of universal retirement protection, the Government has all along claimed that there are several pillars supporting the retirement life of the elderly. One of them originates from the resources provided by the Government. If we subscribe to this point, then we need to consider whether the various pillars of retirement protection will gradually be undermined as the people grow older. For example, as we have mentioned, one of the pillars is the Mandatory Provident Fund ("MPF"), but before the problem of the MPF offsetting arrangement is resolved, it is only natural that the retirement protection will be undermined because the employees' benefits will be reduced as a result of offsetting. Consequently, the function of retirement protection exercised by MPF has been undermined. For this reason, I think a most important process, which may also be a very important task for Mrs LAM in the future, is to commence the work on abolishing the offsetting arrangement. I very much hope that the Government can uphold the employees' interests and ensure that wage earners will enjoy retirement protection.

In my view, the simplest approach may be adopting the proposal for setting up a pool as mentioned during our discussion. The Government will allocate a larger amount of funds so that the pool can operate in the long term and cope with the needs arising from offsetting. Also, the employers will not suddenly have to pay for the surging benefits of employees or employers in the future. On the other hand, the employees will not suffer any loss owing to the Government's claim of its need to reduce the employees' benefits in order to maintain the MPF operation under the old proposal. I consider it feasible in terms of the arithmetic calculations, since \$3-odd billion was offset every year. If the Government is willing to allocate tens of billions of dollars to the pool, the annual interest income will reach \$1.5 billion to \$2 billion. Moreover, some employer groups have indicated their willingness to undertake a contribution of 0.5% or \$100 to \$200. We may do some further calculations. In a nutshell, if the part concerning MPF in the overall retirement protection can be calculated clearly, it can prevent the retirement benefits of employees from being undermined by the offsetting of MPF.

Moreover, as I can see, the elderly generally face two grave problems once gone into retirement. The first one is whether the health care protection in Hong Kong can ensure that they will be free from worries in their twilight years. Even though the Government provides \$3,500 as retirement protection without any means test, the elderly may still have to bear a heavy burden for health care. For example, they may have to deplete their family savings because they have contracted serious illnesses. Support in this regard is thus vitally important. In discussing the relevant issue, the Government should consider several questions which the elderly have to face in their old age, including whether the elderly have money to support their living, how to deal with health care protection to ensure that the elderly will be free from worries in their twilight years, and whether reasonable housing arrangements can be made to ensure a dwelling place for the elderly. If these few questions are answered, then our retirement protection can be deemed as complete rather than being only partial.

Conducting the discussion from these angles can also ensure that during the discussion on retirement protection in society, there will not be any bias misleading people into thinking that the monthly pension of \$3,000-odd will be able to cope with the living expenses in their old age. In fact, this amount is definitely insufficient. The Government may appreciate that at present, apart from the "fruit grant" of \$1,000-odd issued to each elderly person aged over 70, there are other arrangements providing additional support to the elderly. As such, the Government can actually accept the proposal for universal retirement protection, that is, upgrading the "fruit grant" to an enhanced version to make the discussion more meaningful. Then we will have no need to worry whether this calculation for the elderly who have reached the age of 65 is correct, or wonder whether we should question or challenge the Government's supposition that the financial arrangement is really unsustainable. In this way, a good foundation can be laid for our discussion with a view to enabling the elderly to make better arrangements for their retirement and genuinely live with dignity in their twilight years. To achieve this objective, apart from the provision of retirement protection, it also involves making housing and health care arrangements for the elderly. Only then is it a complete set of measures. At the same time, the Government needs to inject an enormous amount of resources and act in response to the problems brought about by population ageing. Hence, obviously, the fund prepared for the future should provide not only hardware. It should also be financially prepared for the needs arising from population ageing. Thank you, Deputy President.

MR MA FUNG-KWOK (in Cantonese): Deputy President, the issue of universal retirement protection system has actually been extensively discussed in various meetings in the Legislative Council. We cannot deny the many deficiencies in the present retirement protection system. Many elderly persons do not have any savings, so even though they receive meagre sums of assistance from the Government every month, they must still live very frugally. Also, since the living standard and cost of living in Hong Kong are very high in Hong Kong, we can easily imagine the hardship facing some grass-root elderly persons. Therefore, it meets people's expectation to deploy resources for improving the retirement protection system. I also support this policy direction.

(THE PRESIDENT resumed the Chair)

The Administration has repeatedly emphasized in public its concern over this issue. Several years ago, it commissioned Prof Nelson CHOW to conduct a study on developing a suitable universal retirement protection proposal. A public consultation was also conducted. But after quite a number of years and much discussion, a decision on the issue has not yet been made. Prof CHOW and his team propose a non-means-tested scheme. Various opinion surveys also indicate support from the majority of people on a non-means-tested universal retirement protection system with tripartite contributions. However, the Government has not yet implemented the proposal and cited difficulties in providing public financial support.

As a matter of fact, the source of finance remains the crux of the issue. The financial strength of the Government has a direct bearing on the public policy on the retirement scheme and its sustainability. This is a problem we must face squarely and iron out. Under an existing proposal, each elderly person receives a sum of \$3,000 to \$4,000 monthly. Proponents of the proposal project that the system can be sustainable, provided it is launched with a start-up capital and has its shortfall underwritten by the Government. While \$3,000 to \$4,000 is sufficient for maintaining a basic living today, will the situation remain the same after a decade or so, if we factor in inflation? Also, how do we tackle the continuous growth of the elderly population in Hong Kong? If each elderly person is to receive a higher amount every month, can the system remain sustainable? Will this bring about a problem facing many European countries

today and that is the resultant financial pressure weighs too heavily on succeeding Governments and taxpayers and thus leads to the governments' eventual bankruptcy?

Furthermore, eligibility is also an issue. Under the present retirement protection system proposal, the protection is non-means-tested and made available to all elderly people regardless of their wealth. That is to say, the money may not go to the neediest people, and even those elderly persons with certain financial strength can also receive the grant. Supporters of the system may have thrown their weight behind the principle of universality on the ground of fairness. However, the amount of financial resources we have is limited and a means test may be needed for the system's sustainability.

President, I must clearly declare my support regarding the launch of a universal retirement protection system. Nevertheless, we must face the problem above squarely so as to avoid the scenario where the unsustainability of the system is realized only after its implementation, prompting us to leave the problems to the next generation irresponsibly. Next, I want to share with you a more realistic approach.

All elderly persons, regardless of their financial status, made certain contributions to Hong Kong during their youthful days. The society ought to repay their contributions and recognize their efforts on the one hand, and ensure that our resources are spent on the neediest people on the other. In my opinion, a universal retirement protection system should consist of two parts. The first part should provide a basic amount of non-means-tested assistance. In other words, it is an enhanced "fruit grant" proposal. The second part is means-tested. Elderly persons must pass the means test and prove their financial needs before receiving the money. The sum from the first and second part should be large enough to enable unsupported elderly people to meet and maintain basic daily needs. Furthermore, the level of payment should also be regularly adjusted in accordance with the overall economic condition and public affordability, so as to mitigate the impact of inflation on them.

President, the original motion and its amendments put forth some proposals, such as doubling the \$50 billion provision for retirement protection mentioned in the Budget two years ago to \$100 billion and abolishing the arrangement of using the accrued benefits derived from employers' MPF contributions to offset severance payments and long service payments. The

former has not been widely discussed in society and is not supported by scientific analysis. The latter obviously has yet to garner a consensus in the community and I cannot give my support to it for the time being. Therefore, I will not support the motion and its amendments.

President, I so submit.

MS ALICE MAK (in Cantonese): President, I speak in support of Mr LEUNG Kwok-hung's motion and Mr KWOK Wai-keung's amendment. The Hong Kong Federation of Trade Unions ("FTU") cannot support Mr LEUNG Che-cheung's amendment, because Mr LEUNG Che-cheung proposes to delete "implement the establishment of a non-means-tested universal retirement protection system with uniform payment" and "abolishing the arrangement of using the accrued benefits derived from employers' MPF contributions to offset severance payments and long service payments", and also because he proposes to substitute them with "facilitating employees and employers to reach a consensus on the issue of the MPF offsetting mechanism". That is something the labour sector has been worrying all along.

Both the Government and the public have been saying that if we are to abolish the offsetting arrangement for Mandatory Provident Fund ("MPF") contributions, there should be a prerequisite and that is a consensus should be reached beforehand. However, everyone knows that a consensus can never be reached. This is because the standpoint and position of employees and employers are really very different. In order to forge a consensus, I want to ask Members if they still have conscience. Do they still want to see the MPF of grass-root workers being offset once every several years, and time and again, they may have very little left when then try to live on the MPF at the age of 65? Fundamentally, that will not help us to achieve the objective of retirement protection.

For that reason, if Members still have a tiny bit of conscience and consider that we should protect the rights and interests of grass-root workers so that frontline grass-root wage earners can prepare for their old age, Members should support the abolition of the offsetting arrangement for MPF contributions.

We understand that it will affect some employers of small and medium enterprises ("SMEs"). But just as the new Chief Executive said yesterday, Hong Kong does not lack money, and we are still "financially sound". We are willing

to let the Government allocate certain resources to help these SME employers to adapt to the situation after the abolition of the offsetting mechanism. But we must not allow this to become an excuse for the Government to say that after all sides have reached a consensus, it will proceed. If this situation persists, there will be only one outcome. As FTU's Mr WONG Kwok-kin said yesterday, it would become a protracted war, a war that we never know when it would end. Therefore, we will not support Mr LEUNG Che-cheung's amendment. We also hope that Members should act according to their conscience as far as the abolition of the offsetting arrangement of MPF contributions is concerned. Members should think about grass-root employees and "wage earners". Do we wish to see the continuous erosion of their hard-earned money by the off-setting mechanism?

Moreover, just now I have heard Mr LAM Cheuk-ting say that we pro-establishment Members would say this and that when we want to oppose universal retirement protection. I wish to tell Mr LAM Cheuk-ting that retirement protection is a livelihood issue, so please do not politicize it. Likewise, I do not think that we should criticize those Members who support universal retirement protection for being populists or for currying favour with electors. Similarly, we should not conclude that pro-establishment Members will definitely oppose the proposal.

I wish to tell Members that FTU is indeed a part of the establishment camp. But as far as retirement protection is concerned, we will definitely stand by grass-root workers and grass-root people. We will fight for a universal retirement protection scheme which will enable wage earners to live a dignified retirement life.

Some Members have even displayed banners which question whether some tycoons should be entitled to retirement protection. Many have asked if Mr LI Ka-shing is entitled to retirement protection, and if Mr LI Ka-shing is entitled to retirement protection, will people feel indignant? Honestly speaking, as to this question, just now Dr Fernando CHEUNG has explained it from the academic perspective. And from the livelihood perspective, we ordinary members of the public can use a very popular expression to tell Members that as far as common sense is concerned, it is superfluous to raise this question.

Each elderly person above the age of 70 is eligible to receive the "fruit grant" under the present arrangement and they are not subject to any means test. Even Mr LI Ka-shing is eligible to receive that. Why do these people not

reprimand him? Members had better ask as if Mr LI Ka-shing will collect his "fruit grant", or if Mr LEE Shau-kee will collect the "fruit grant". The reason why these people raise such questions is that they just want to use it as a pretext to prevent us from fighting for a retirement protection scheme for the grass-root people, which will enable the grass-root people to live a dignified retirement life. The purpose of raising the issue is just to divert attention. Therefore, I hope they will act with common sense and not to ask such questions again.

What we wish to point out now is that we want the grass-root Hong Kong people, who have been working hard in Hong Kong for a lifetime, to have enough to eat after their retirement, let alone a well-fed life. Just now I have checked the Internet—I know nothing about wines—but I find out that \$3,000-odd are not enough for buying one bottle of red wine that some tycoons or Members from the business sector, who are present, will drink. It turns out that the price tag of the famous cognac, Louis X-ish, can easily be several ten thousand dollars. Yesterday I checked some WeChat messages and found that these wines and spirits were very expensive, and each sip would already cost as much over \$1,000.

For that reason, the fact that we provide \$3,000-odd as retirement protection is only a means to reassure them that they should not worry about when they can have their next meal after finishing one meal. Therefore, please do not ask questions which make no sense at all, such as whether you will be angry if Mr LI Ka-shing is also entitled to retirement protection. I urge Members to act according to their conscience in order to help grass-root people to fight for a retirement protection scheme which can help them eke out a living after retirement. Actually, our new Chief Executive said yesterday that Hong Kong was so poor that the only thing we had was money. We are poor, but we only have money. At present, we are still "financially sound". Then, can we make better use of our resources and help the grass-root people, so that they can live a dignified retired life?

We support Mr LEUNG Kwok-hung's motion and Mr KWOK Wai-keung's amendment. Thank you, President.

DR KWOK KA-KI (in Cantonese): President, I must thank Mr LEUNG Kwok-hung for proposing this motion. But I find it very sarcastic that I have to teach the Public Officer sitting on the opposite side, a very intelligent sociology

scholar and professor who was once the brains behind a certain political party, the fundamentals of universal retirement protection. I am embarrassed to do so. But the main problem is that this subject has become a matter of choice rather than knowledge.

When Mrs Carrie LAM attended the Chief Executive's Question and Answer Session yesterday, she made a bold statement. She said, "We have money. We have money in reserve, so we can do a lot of things with it." How bold and courageous! She proposes without hesitation spending \$5 billion on education. In fact, \$5 billion is a small sum of money. We have over \$3 trillion deposited at the Hong Kong Monetary Authority ("HKMA"). The Government has \$1 trillion surplus and it has spent a few hundred billion dollars on the "sweeteners". The Government has been making wrong forecasts on its surplus. Year after years, its deficit forecasts have turned out to be a surplus, adding up to a few ten billion dollars in total. But the Government still says that it has no money to implement universal retirement protection. Fortunately, we have the Census and Statistics Department. It finds that the Gini Coefficient after taking into account the effect of various poverty relief measures is 0.539, which is worse than before. I do not know whether the scholars and public officers still have any sense of right and wrong or shame. How come this will happen in our affluent society?

Universal retirement protection is not a new subject and the proposal has been on the table for a long time. The Government entrusted the Secretary's former colleague, or rather his former boss, Prof Nelson CHOW to conduct a research. The research finds that universal retirement protection should be non-means-tested and any retirement protection scheme should be developed towards this direction. The Civic Party entrusted Dr NG of the Department of Statistics and Actuarial Science of the University of Hong Kong to conduct a study. President, it is outrageous. The study was conducted 10 years ago. If the Government were willing to launch a universal retirement protection scheme at that time, it would only need \$50 billion to set up the start-up fund. Of course, it takes a much larger sum of money to do it now because the situation has become much more difficult. It now takes about \$100 billion for the start-up fund. And then, if the Government transfers the money it uses on Comprehensive Social Security Assistance and the "fruit grant" to HKMA for management, which as we all know is very good at managing money, HKMA will be able to generate every five years \$100 billion, according to the requirement now, to maintain the operation of the fund for 50 years. This is

based on Prof CHOW's research, not something we make up. The Secretary is also a scholar. He should know that a university professor will not make things up. So, this is not about whether one acknowledges this option, but about what one chooses.

But the Government says it has no money. It is certainly true because the Government has used up its money on infrastructures. In the year 2015-2016, it spent some \$80 billion on this. Prof WONG Yu-cheung, another scholar whom the Secretary should know, conducted a simple analysis. Given that the SAR Government has apparently been speeding all that it can on infrastructural projects, Prof WONG finds that in 2041, the SAR Government will spend over \$500 billion (according to prevailing levels in that year) on infrastructures, accounting for 40% of its total expenditure. Is the Government really running out of money? It all depends on where it puts its money.

Besides, talking about the Old Age Living Allowance, or if the Government does not take forward any universal retirement protection scheme ... since a feature of the universal retirement protection proposal is the tripartite contribution mode, which requires not only the Government, but also employers and employees will make contributions. In fact, the present approach is abusing the Government and the people because all poverty alleviation measures are paid by public money. What kind of an analysis or approach is this? That is why Prof CHOW makes it clear that a universal retirement protection scheme with tripartite contributions is the only way that the Government can make retirement protection financially viable for decades to come. Hence, the Government will never explore the scheme proposed in Prof CHOW's report because it chooses not to do so rather than acknowledging that it should not do so. The Government simply cannot justify itself if it does so.

Moreover, how are people going to have a secured retirement? They have to rely on the Mandatory Provident Fund ("MPF") schemes. MPF is a big black hole and a swindle. Fund managers, large insurance companies and trustees become the biggest beneficiaries. Of course, employers who use MPF contributions to offset severance payment are also one of the beneficiaries. These unreasonable policies are still being implemented. Then, the new Chief Executive says we are rich and we have money.

A rich government which refuses to take forward universal retirement protection is meaner than a poor government which refuses to do so. We can understand that the Government has already tried its best if it has no money.

But now it has a lot of money, so much money that it has spent without hesitation \$400 billion on building artificial islands, \$40 billion on the Sports Park and \$23 billion on the world's most expensive basement, which was endorsed two days ago. But please don't ask it to implement universal retirement protection because it has no money to pay for it. How ridiculous this society and how ridiculous this Government is! It is simply insensible!

I do not know what Dr LAW will do in the coming five years. We will not try to outwit him as he is so intelligent, but we will discuss with him what to choose and how to proceed forward, and also his conscience, if he still has any, and his original intention. We have no time left for delaying universal retirement protection (*The buzzer sounded*) ...

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, please stop.

DR KWOK KA-KI (in Cantonese): I so submit.

MR JIMMY NG (in Cantonese): President, I very much agree that the public should enjoy the fruit of social development, and of course, I also agree that Hong Kong must have a sound retirement protection system so that the elderly can rest assured that they will be given support. However, the way we implement the system has something to do with public expenditure and the use of economic resources, and will have profound and far-reaching impacts on our economy. Therefore, social consensus must be sought beforehand and hasty implementation of the system is not recommended in order not to pave the road to hell with good intentions.

In the past, both our society and the Government tended to shift their responsibility onto the business community in all discussions on retirement protection. But the Government can actually make a commitment and play a more active role regarding this issue. Unquestionably, the establishment of a universal retirement protection system is an initiative meant for poverty alleviation and is also a welfare policy. At present, President, Hong Kong's public coffers are operating at a surplus, and there are voices in society urging the Government to launch a universal retirement protection system for both the rich and the poor. Well, to express in high-flown language, they are asking the

Government to make some financial commitments; to put it blatantly, they are purely attempting to "rob" the public purse. I agree that as the Government's fiscal revenue comes from society, it should be spent for the purpose of benefiting society. Yet, as far as the implementation of such a policy, which will have far-reaching impacts over the next few decades, is concerned, we must consider if it is sustainable.

Our society is now facing a major problem, namely the grass roots cannot enjoy the fruit of economic development because of the uneven distribution of wealth. The Government has been stepping up its efforts to strengthen retirement protection in recent years in respect of poverty alleviation, elderly care and support for the disadvantaged, but since the Mandatory Provident Fund ("MPF") offsetting arrangement forms an important part of the entire retirement protection system, if such a controversial issue is not dealt with as early as possible, it will undermine significantly the effectiveness of the Government's efforts in poverty alleviation, elderly care and support for the disadvantaged. In this case, the deep-rooted social conflict of uneven distribution of wealth cannot be resolved.

Concerning the issue of abolishing the MPF offsetting arrangement, the new Chief Executive Mrs LAM made it clear a couple of days ago that both the employers and employees were consulted during the past few months on the issue, but both sides had great reservations about the option proposed by the Government. Mrs LAM described the situation as "having failed to please either side". Therefore, the Government should pragmatically make a fresh attempt to heed views of both the business sector and the labour sector in the follow-up of its proposed option in future, with a view to achieving consensus between both sides. A pragmatic attitude in achieving social consensus is the key to smooth implementation of government policies. Certainly, the new Chief Executive should be allowed more time to address various problems, including those associated with the issue of abolishing the MPF offsetting arrangement, particularly upon taking into account Mrs LAM's making a political gesture of creating conditions favourable to reconciliation just a few days after assuming office, which is deemed substantially conducive to easing social tensions.

However, I am not quite optimistic since the issue of abolishing the MPF offsetting arrangement has taken five years' discussion, but a finalized option has yet to come so far. This tells us that it is no easy task to forge social consensus.

As for the universal retirement protection system, it is neither purely a poverty alleviation policy nor a welfare policy. It is actually a long-term arrangement involving the overall fiscal policy of the Government. And so, it is definitely even more difficult to achieve social consensus in this regard. Mr KWONG Chun-yu has mentioned just now that social consensus on universal retirement protection is already there, but I do not quite agree. I understand what he calls the "social consensus" actually means that people in Hong Kong are generally in support of taking proper care of the grass-roots elderly so that they can live with dignity and enjoy at ease their twilight years. Yet, I believe that our society has yet to reach a consensus on the long-term financial arrangements for the implementation of a universal retirement protection scheme. Even if the Government is willing to make greater financial commitments, but since the Government's revenue mostly comes from taxpayer's "contribution", it is very likely that the Government will increase taxes in future if a universal retirement protection scheme for both the rich and the poor is to be implemented. Will Hong Kong people give a nod to this then?

Various Members have mentioned just now the question about where to obtain the money, such as Mr Michael TIEN, who pointed out that given the problematic structure of the Government's fiscal revenue of which the revenue is highly volatile with low foreseeability, government revenue may fluctuate between surpluses and deficits. Therefore, before launching any universal retirement protection system, the Government must consider thoroughly whether its financial commitment in this regard is sustainable.

Lastly, I would like to talk about some overseas examples. Actually, in the face of global ageing, governments of different countries have also increased their spending on retirement protection. I understand that a lot of people are longing to retire abroad, but one must not forget that the tax rates in those countries are usually rather high: Australia's income tax rate can be as high as 45.57%, while that of Spain is about 45%. It was reported on 24 April 2017 in *Pravda*, a Spanish newspaper: According to Spain's employment and social security data, as at April 2017, Spain's pension expense rose to a record high of €8.79 billion, representing a year-on-year increase of 3.1%; a month-on-month increase of over 3% for 12 consecutive months in pension payable was recorded; the number of pensioners also went up to 9.49 million, representing a year-on-year increase of 1.2%; the median pension of Spain reached €1,060,

representing a year-on-year increase of 2.04%. In a nutshell, generous welfare benefits is a result of high tax rates. Hence, we must take into consideration the sustainability of the universal retirement protection system.

There is a Chinese saying: "One must finish each mouthful of food before taking another when eating, and take one step after another when walking." I hope the Chief Executive Mrs LAM will be the first to settle the controversy over the abolition of the MPF offsetting arrangement in the first place. Given that abolishing the MPF offsetting arrangement is an important issue in respect of universal retirement protection, duly settling the controversy can serve as a proof that the current-term Government has both the resolution and ability to deal with any thorny issues. And after settling the controversy, the Government should proceed to forge social consensus together and explore in depth the formulation of a comprehensive universal retirement protection system.

I so submit.

MR HUI CHI-FUNG (in Cantonese): I have heard Mr Jimmy NG repeatedly mentioning a social consensus just now. The topic of universal retirement protection has been discussed for years. There have also been numerous opinion polls conducted by various academics, organizations, and community groups. Can we still say that no social consensus has been reached yet? In each of the different surveys, nearly 60% of the respondents support the implementation of universal retirement protection without income and asset tests. Is it not a social consensus? Some people say that since it is a pseudo welfarism, it will not be supported by relatively well-off middle class. Is this really the case? According to the above opinion polls, among those middle-class families with a monthly household income exceeding \$50,000, over half of them support the implementation of universal retirement protection.

We can also see from the surveys that over 50%, or close to 60%, of the respondents support that the universal retirement protection scheme be entirely funded by public coffers; 80% of them think the Government should immediately implement universal retirement protection; and nearly 60% support the transfer of part of the contribution for the Mandatory Provident Fund to the retirement protection scheme. These poll figures have been available and repeatedly discussed in society for years. If these do not represent a society consensus or reflect public opinion, I call on Members or the new Secretary to convince me with figures. Has a consensus yet to be reached in society? When people talk

about a lack of consensus, they may point to the having of different proposals and contribution methods in society. For such a complicated scheme, it is just reasonable to have various financial projections and implementation methods. While one may support the 2064 proposal, others may back Prof Nelson CHOW's universal Demo-grant or the refined proposal. The objective of universal retirement protection is achievable through different proposals. I can only say that there are choices in the implementation details, but this cannot be interpreted as a lack of social consensus in Hong Kong on the concept of a non-means-tested universal retirement protection. I do not wish to see the substitution of concept.

Some Members have said just now that these proposals would affect the development of society for the next few decades. So, should we need to deal with them carefully? Of course we should. However, as some Members have also mentioned just now, what I wish to point out is that for the many local infrastructure projects, a majority of which "big white elephant", "small white elephant", or "suspected white elephant", their impact on Hong Kong will last for not just a few decades but as long as a hundred years! However, the Government has just closed its eyes to give them the green light. In my career as Member of the Legislative Council over the past half year or so, my personal feelings are why the Government considers that money spent on the Hong Kong Disneyland is not money; money spent to make up for the cost overrun of the MTR Corporation Limited is not money. For these projects worth billions of dollars or even tens of billions of dollars, they have been passed slightly. Now, when we talk about the injection of funds, be it \$50 billion, \$100 billion, or \$200 billion, which can directly benefit the public, the Government just feels uneasy about this, calling for caution as its impact will last for the next few decades. Why the Government has adopted two widely different criteria? Infrastructure projects do help support our economic development and are not unimportant. But can the projects directly benefit members of the public in the short run? What kind of Government spending is most directly beneficial to and in the best interests of each of us?

In society nowadays, there is no lack of people who believe that universal retirement protection is the pursuit of welfarism which benefits only the grass roots. I think they are simple ignorant. As a typical life of middle-class, or sandwich-class, families, they spend their lifetime savings on a property and retire with a pension totalling several hundred thousand dollars to nearly one million dollars after working for the whole life. This is a stereotype of the middle class. They do possess some assets, not a significant sum though.

However, it is precisely due to their possession of the insignificant amount of savings that they are marginally excluded from the social security net. They are not eligible to apply for any forms of social welfare. When they retire at the age of 60 or 65, they reside in their own properties and live on their own savings, being denied of any forms of retirement protection. Of course, if they are skillful investors, they can lead an enjoyable life. But if they are investment illiterate, their savings will be used up gradually as they witness their living quality declining bit by bit. As the retirees enter their sixties, seventies, and then approach the age of 80, they will be reinforced by the feeling of anxiety—if they have great longevity, how can they live their life in their nineties? What I refer to are typical sandwich-class and middle-class families, not the grass roots. Why we have to make so many families to lead an undignified retirement life, to be haunted by constant fear and the feeling of emptiness. This is totally unjustifiable. Hong Kong is a wealthy society, with the Treasury being flooded with money. After doing some calculations, we know that the implementation of universal retirement protection is financially feasible. As many Members remarked just now, it is definitely not because of the unfavourable financial projections, but because of the Government's reluctance to implement it.

There are plenty of researches suggesting that the middle class may indeed be most benefited from the implementation of universal retirement protection. Such scheme is not a product of welfarism, nor does it only serve the interests of the grass roots. The scheme is for each and every middle-class people who own their properties and accumulate a large sum of pension. The universal retirement protection can provide them with the biggest protection after their retirement. Of course, the Government will say there are many choices out there for them. For example, there are public annuity scheme, Silver Bond, and reverse mortgage scheme. However, we have to bear in mind that all these are investment products, and investment involves risks. When even Lehman Brothers will collapse, the Government is still so eager to encourage the public to invest more in these products. Is it only intended to enable financial institutions and such professionals as accountants and lawyers to earn more money? Can such investments spare the feeling of emptiness, indignity, and the uncertainties of how to live their future life of the general public and the typical middle- and sandwich-class people?

With these remarks, President, I support the motion moved by Mr LEUNG Kwok-hung.

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, what is your point?

MR LEUNG KWOK-HUNG (in Cantonese): I request a headcount.

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members back to the Chamber.

(While the summoning bell was ringing, the President noticed the placard Mr LEUNG Kwok-hung has placed on the table)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please put down your placard.

(Mr LEUNG Kwok-hung put down his placard)

(After the summoning bell had been rung, a number of Members returned to the Chamber)

PRESIDENT (in Cantonese): Does any other Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you may now speak on the amendments. The time limit is five minutes.

MR LEUNG KWOK-HUNG (in Cantonese): President, what did you say?

PRESIDENT (in Cantonese): Mr LEUNG, I just said that you may now speak on the amendments. The time limit is five minutes.

MR LEUNG KWOK-HUNG (in Cantonese): I should still have 11 minutes to speak.

PRESIDENT (in Cantonese): Mr LEUNG, it is time for you to speak on the amendments.

MR LEUNG KWOK-HUNG (in Cantonese): I am sorry, President.

PRESIDENT (in Cantonese): Mr LEUNG, it could not be your first year as a Legislative Council Member, right?

MR LEUNG KWOK-HUNG (in Cantonese): ... No, I just could not hear clearly earlier as the ringing of the summoning bell was rather loud.

My response to the amendments of Members is very brief. In fact, I said earlier that I will not support the amendment moved by Mr LEUNG Che-cheung from the Democratic Alliance for the Betterment and Progress of Hong Kong ("DAB"). Ms Alice MAK has succinctly explained that this amendment would delete the suggestions concerning Mandatory Provident Fund and universal retirement protection from my motion. Since my suggestions would be castrated, I will not agree to this amendment.

I do not have any special views on Mr KWOK Wai-keung's amendment. Of course, my motion asks to carry out the systems immediately, while he is not asking to delay their implementation. Hence strategically, I hope that his amendment can be passed. However, this may not be the case under the division mechanism. My strategy is that if he wants the amendment from The Hong Kong Federation of Trade Unions to be passed, he can just walk out to have a cup of tea or do whatever he wants. There is of course a voting strategy in this Council, and I hope that Members from the Business and Professionals Alliance

for Hong Kong and the Liberal Party and other individual Members can walk out so that the amendment can be passed. I know that if Members, including some Members from DAB, can abstain from voting or walk out when it is put to the vote, it may be passed by a majority of votes from Members returned by functional constituencies.

I also welcome Mr Alvin YEUNG's amendment. At the outset, I already said that I do not care about winning or losing or being friend or foe. What is important is that this Council can take a step forward, or we can walk forward through the result under a division, because this motion does not carry any legal binding effect. Therefore, no matter the motion is amended, or my original motion or other amendments are passed, our Council has actually responded to one thing, and that is, Chief Executive Mrs Carrie LAM and Secretary Dr LAW Chi-kwong have to listen to our views. When listening to our views, they certainly will also be listening to the views of the whole society. However, the views of the Legislative Council are expressed in a very unique way, because this Council is empowered under the Basic Law to conduct motion debates. As Chief Executive Mrs Carrie LAM mentioned in the Question and Answer Session yesterday, she is not paying lip service in saying that she is fond of coming to the Legislative Council as this is a place for us to engage in discussions and work for the public. If we get a result after discussion today, I believe that Chief Executive Mrs Carrie LAM will not go back on her words, but will come to discuss with us again so that we can walk forward on a new consensus. In this connection, I thank Mr KWOK Wai-keung and Mr Alvin YEUNG for moving the amendments. Since they have moved the amendments, their fellow party Members will vote in favour of their amendments, and this will mean getting more supporting votes. As I know, many Members actually also want that this Council can take a step forward and see how the Government thinks.

Therefore, I make an appeal to honourable colleagues of the Legislative Council. Since this motion has no legal binding effect, if we can take a step forward ... President, there are always some people telling me how to vote, "Long Hair', you need to be quick, as this proposal from the Public Works Subcommittee has yet to be submitted to the Finance Committee ("FC"). You need to cut short your speech. This proposal from the Establishment Subcommittee has yet to be submitted to FC, just let it go." I now tell you that this motion has no legal binding effect, and a bill or even a blue bill from the Government has not been drafted yet. I thus appeal to Members that if they

really want the original motion or any one of the three amendments to be passed, they can walk out and have a few more cups of tea when it comes to voting. Our wish may come true if we stay united.

Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, once again I thank Mr LEUNG Kwok-hung for moving this motion, and Mr LEUNG Che-cheung, Mr KWOK Wai-keung and Mr Alvin YEUNG for proposing the amendments. Altogether 34 Members have spoken on this motion, representing almost one half of all Members. This demonstrates the importance of retirement protection in society. In fact, I wrote around 20 000 words in total on this topic in the past. But, President, do not worry. I will not read out all 20 000 words here now. I will just give a focused response to Members' speeches.

However, first of all, I would like to respond that the crux of our discussions is the issue of principle, especially as Mr LUK Chung-hung has mentioned this too. The people has a right to retirement protection. We can even say that everyone has a right to universal retirement protection. I agree. That said, universal retirement protection is not equal to retirement pension provided "universally". When we talk about retirement protection, we are referring to the right of the people. Yet, when it comes to retirement pension, we actually mean welfare. It is similar to the concept of legal protection in society, in which everyone has the right to this, but it does not mean that we have to distribute payments to everyone under the Comprehensive Social Security Assistance ("CSSA") Scheme.

In terms of strategies to enhance the retirement protection system, I have mentioned in my opening speech that we have to see this from the angle of a few pillars. Most importantly, we must carefully contemplate the policy goal before formulating any policies. As I have noticed, among many Members who have spoken in support of a uniform payment granted "universally" to the people, the question of assisting the elderly in poverty still come first on the agenda. The Government shares the same goal with Members in alleviating elderly poverty. Of course, regarding the strategy to be adopted in order to achieve the goal, I cannot deny that the Government and Members may not hold the same opinion.

As I have pointed out in my opening speech, Hong Kong presently adopts the multi-pillar model of retirement protection system advocated by the World Bank. The multi-tiered social security system is exactly the zero pillar under the retirement protection system. At present, Hong Kong has around 1.2 million elderly people aged 65 or above, and around 870 000 or 72% of these elderly people are recipients of Social Security Allowance ("SSA") and CSSA under the social security system. Among these elderly people, around 450 000 of them are recipients of Old Age Living Allowance ("OALA") under the SSA Scheme; and CSSA provides a safety net to more than 140 000 elderly people with more pressing economic needs. For cases of singleton elderly persons, they receive a payment of over \$6,000 on average under the CSSA Scheme, and the allowance can reach more than \$10,000 for elderly persons with special needs.

Regardless of Members' position on retirement protection, I trust everyone will agree that the current social security system has fulfilled its important function to offer retirement protection to needy elderly persons. As shown by the statistics, means-tested CSSA Scheme and OALA can effectively alleviate elderly poverty. According to the Hong Kong Poverty Situation Report 2015, after the Government's recurrent cash intervention, the population of poor elderly shrank by 150 000, in which the above two measures totally lifted 140 000 elderly people out of poverty, significantly reducing the elderly poverty rate by 14 percentage points. Of all the policies distributing recurrent cash payments for alleviating elderly poverty, OALA is the most effective one, much more effective than other non-means-tested payments, such as Old Age Allowance ("OAA"), generally known as "fruit grant", which is "universal" in nature.

Exactly because of the existing social security system's effectiveness in alleviating elderly poverty, especially OALA payments, the Government decides to enhance OALA measures to further strengthen its function on retirement protection. Moreover, as means-tested measures can more effectively mitigate poverty than measures which are "universal" in nature, we believe that it is not really justifiable to add another "universal" pension scheme which may benefit wealthy or middle-class elderly, instead of enhancing present policies conducive to poverty alleviation and protection for the needy elderly. In fact, if the "universal" scheme is adopted, over 80% of extra resources gathered under various proposals will be spent on elderly persons with relatively fewer needs. I mean those elderly persons who even do not apply for "fruit grant" today, or those who only receive "fruit grant" but nothing else. As a result, only 18% of the resources will be left for poor elderly people.

To attain the goal of mitigating elderly poverty, the Government proposes two measures for improving OALA in Policy Address 2017, namely relaxing the asset limits (\$2,565 each month at present) for existing allowance to benefit more needy elderly persons, and adding a higher tier of assistance by providing a higher monthly allowance of \$3,435 per person for eligible elderly people with more financial needs. Members have mentioned these measures too. We expect that these measures can be carried out in the middle of next year.

With the passage of the Appropriation Bill 2017 in mid-May, the Social Welfare Department ("SWD") has already relaxed the asset limits for OALA with retrospective effect from 1 May 2017, as proposed in Policy Address 2017. Regarding the higher tier of OALA, as pointed out above, we aim at commencing the measure in the middle of next year because this involves amending the computer program. Likewise, this will date back to 1 May 2017. After completely adopting the above two enhancement measures on OALA, we expect that this will benefit around 500 000 elderly persons in the first year, increasing the coverage of OALA from 37% to 47%. So, I hope Members can refrain from claiming that OALA attaches a label, especially after I have listened to the speeches given by Members. We should not apply a label to OALA which may deter the elderly people from applying for the allowance. Moreover, as certain Members have pointed out, we must never scare the elderly people that lodging an application may make them liable to prosecution. I urge Members not to scare the elderly people. Taking OALA, CSSA, OAA and Disability Allowance altogether into account, the social security pillar almost covers around 910 000 elderly persons, accounting for 74% or a three-fourths of the entire elderly population.

The amendments have mentioned Members' various suggestions as to the SSA Scheme, such as providing OAA for all elderly people aged 65 or above, expanding the coverage of OALA to Guangdong and Fujian and allowing elderly recipients of the Disability Allowance to receive OALA at the same time, and so on. Different allowances under the SSA Scheme have different objectives and arrangements to deal with the needs and situations of different beneficiaries. Due to the non-contributory nature of the allowances, the Government will exercise great caution before introducing any changes, so that we can ensure the financial viability of our social security system and balance public expenses in various areas, including health care and education, and so on. The Government will continue supporting persons with special needs through the SSA Scheme.

For example, SWD will continue preparing for the introduction of the Fujian Scheme early in the 2018-2019 financial year to grant monthly OAA to eligible Hong Kong elderly persons who choose to reside in Fujian.

The original motion and two amendments mention the latest Gini Coefficient in Hong Kong. Although the figure reflects the disparity in income among different household groups in Hong Kong, we cannot neglect that Gini Coefficient only indicates household income distribution, and that we may not be able to comprehensively reflect the actual economic situation or quality of life of the households by solely analysing cash income. Furthermore, the Gini Coefficient based on monthly household income after tax and transfer of in-kind social benefits reduced significantly in 2016. Figures for reference: the coefficient is 0.539 before the transfer, which Members have touched upon. The coefficient after taking all the measures into account is 0.473. This indicates how these measures and tax policies have helped narrowing the income gap. The Government will go on encouraging and supporting people capable of working to achieve self-reliance through employment and strive to establish social welfare policies which are reasonable and sustainable, so as to share the fruit of economic development with people from all social classes.

Strengthening the public services pillar

As I have pointed out in the opening speech, we believe that we should strengthen each of the existing pillars on the basis of financial sustainability, therefore they can more effectively complement each other. So, on top of enhancing the social security pillar to alleviate elderly poverty, we will also keep on optimizing the current pillars of retirement protection and specifically take care of the needs of elderly persons with different financial and health conditions.

In terms of improving the public services pillar, since 1 July of this year, we have lowered the eligibility age for the Elderly Health Care Voucher from 70 to 65, allowing about 400 000 more elderly persons to receive \$2,000 a year to purchase private primary care services. From the middle of this month onwards, we will also extend the fee waiver for public health care services to cover OALA recipients aged 75 or above with more financial needs, with a view to benefiting another 140 000 eligible elderly persons, giving them free access to public hospital and clinic services.

Of course, Members have talked about their concerns over the Government's elderly care services. The Elderly Commission just completed formulating the Elderly Services Programme Plan ("ESPP") this June, and has submitted the report to the Government to put forward a plan for developing elderly care services in the long run. The Government agrees to ESPP's various recommendations in principle, and will proceed to conduct follow up work. The Government has already implemented certain recommendations which are ready to start first, so that needy elderly people can benefit as soon as possible. For example, the Community Care Fund has started commencing two pilot schemes supporting elderly persons discharged from public hospitals after treatment and elderly persons with mild impairment. And, regarding the \$30 billion earmarked in the 2017-2018 Budget for strengthening elderly services and rehabilitation services for persons with disabilities, the Government will examine the specific details and arrangements for utilizing the fund, devising corresponding plans to support those in need.

Enhancing the voluntary savings pillar

In consolidating the voluntary savings pillar, the Government has launched the Silver Bond Pilot Scheme under the Government Bond Programme with an aim to provide elderly investors with investment products offering stable returns and help them with investment management. The Government will review the effectiveness and arrangements upon the Pilot Scheme's expiry.

Furthermore, there are opinions, Mr Alvin YEUNG's included, stating that many elderly people have all along been leading a frugal and impoverished life even though they do hold a certain level of assets. According to these views, the elderly people do so because of the considerable uncertainties ahead, such as the financial uncertainties brought about by longevity. Therefore, as suggested by these comments, we should introduce an "universal" and uniform retirement protection scheme to assist these elderly persons. The Government agrees that we certainly must improve the situation, but granting uniform payments under a "universal" scheme is not the appropriate solution. To effectively rectify the situation, The Hong Kong Mortgage Corporation Limited ("HKMC") rolled out the Reverse Mortgage Programme a few years ago, and Members have mentioned this too. The Programme has improved constantly over the last few years, and the number of participants has noticeably increased. While the Policy Address this year has suggested that we should study the feasibility of a public annuity

scheme, as Members may have noted, HKMC announced on 21 June that the independent consultant completed verifying and validating the Life Annuity Scheme, and that it would strive to launch the Scheme by mid-2018.

I would like to add two points in relation to the issue of assets. First, some Members have said that the Reverse Mortgage Programme will swallow up the elderly people's assets after they pass away. This is misleading. The Programme has no procedure to swallow up the assets. In fact, it operates by deducting the future values from the amount of the reverse mortgage, in which any remaining values will be returned to the elderly persons concerned, or their descendants. So, never say that the HKMC will swallow up the elderly people's assets through the Reverse Mortgage Programme. I must seriously clarify this wrong message.

There are misleading remarks about the Life Annuity Scheme as well. The initial payment is not \$1 million, but \$50,000. Actually, the details are not yet confirmed. The Government has to consider the alignment concerning the Life Annuity Scheme and various existing social security schemes in the future. We will leave this matter for future examination.

Strengthening the MPF pillar and abolishing the offsetting arrangement

A lot of Members have spoken on the offsetting arrangement under the Mandatory Provident Fund ("MPF") System. The MPF System aims to prepare for the retirement of members of the working population through contributions made by themselves and their employers. This kind of account is generally known as personal account internationally. Obviously, the MPF pillar alone cannot provide retirement protection to the whole population, as some people may not be able to enter the job market or get employed permanently due to various reasons. Therefore, Hong Kong needs to establish a multi-pillar retirement protection system under which the pillars complement each other, offering full protection to elderly people with different economic, family and health backgrounds.

Certain proposals from the community suggest trimming the pillar by a half. If so, it will not only seriously lessen the pillar's effects but also lower the return rate further. Of course, other Members have touched upon MPF reform in the Chamber today, specially the high management fee, an issue of wide public concern. I believe we will continuously explore ways to optimize the MPF System in future. We will further discuss the details then.

Since I have assumed office, I have been paying attention to the discussion on the MPF offsetting arrangement between employers and employees. I can even say that this was an issue of my focus before I came into office. As remarked by the Chief Executive in numerous occasions, the new Government is explicit about abolishing the MPF offsetting arrangement. Though the proposal put forward by the last term Government failed to gain consensus between the employers and employees, a basis was formed after months of discussion on which the new Government can go on pushing the issue forward in future. Gradually abolishing MPF offsetting arrangement is one of the priority issues to be handled by me and my colleagues. We do not plan to consult the public afresh, yet we will arrange meetings with employers' and employees' groups as soon as practicable to receive their opinions again, with an attempt to seek a consensus among both sides by exploring any room for improvement on the basis of prior proposals. We wish that both sides are willing to give and take, thereby concluding a mutually acceptable proposal relating to this issue which have perplexed both sides for long.

The Government's commitment on optimizing retirement protection

President, the above mentioned measures optimizing the retirement protection system can effectively support the elderly in a more comprehensive manner. Simply looking at the measures on enhancing OALA and health care support for the elderly, we estimate an extra spending of over \$90 billion in the first 10 years, which is much higher than the \$50 billion earmarked in 2015-2016.

Some Members have expressed concern about the Government's long-term expenses on elderly social security. Considering the baseline scenario before any OALA enhancement measures, an estimation based on 2017 price level indicates that the Government will on average spend an annual recurrent expense of around \$46.8 billion on elderly social security in the 48 years up to 2064. After taking into account the OALA enhancement measures, the annual average recurrent expense will rise to around \$58.1 billion, representing an average increase of around \$11.3 billion each year.

Despite the Government's heavy financial burden of retirement protection, I must stress that Government is spending where it is due, as most resources are used for strengthening support for elderly persons with financial needs. This demonstrates the Government's commitment on improving retirement protection. In fact, this is what a responsible government should do in the face of population ageing and challenges on public finance.

A few Members have mentioned that the "Option of Academics" from the community will be able to sustain over \$100 billion surplus in 2064, and that among the more than 18 000 comments received during the Retirement Protection Public Engagement Exercise, most opinions indicated support for universal retirement protection. In their opinion, the Government should therefore adopt such proposals as the "Option of Academics", which is a "universal" retirement protection programme. This is the remarks made by Members earlier. However, on top of the idea that we should concentrate our limited resources on the needy elderly, I would also like to point out that an "universal" pension scheme will require the Government's additional injections. And, although such a scheme will record minor surplus in the beginning, it is mainly "pay-as-you-go" in nature, in which the working population today will have to pay for the retirement pension received by the current generation of retirees. With rapid population ageing in Hong Kong, Members all know that our working population may gradually shrink from 2019 onwards. Perhaps I do not have to quote the relevant figures anymore. Under these two conditions, establishing an "universal" pension scheme with "pay-as-you-go" arrangement involves substantial financial risks. Apparently we cannot afford being incautious. Although we can simulate the injections of hundreds of billions of dollars into the model under computer analyses and maintain a large surplus in 2064, we must take into account the future generations when we deal with this kind of cross-generational transfer programme, apart from merely thinking about the current elderly generation. Owing to the programme's cross-generational nature, we must consider the generations which are not yet born today.

True, many Members have spoken about previous cases of many countries; some Members have queried why do we not implement an universal pension system first, and amend it when problems arise later. We all know that this is infeasible. In other countries, such as England a few years ago, a series of riots broke out because of a plan to raise the retirement age, forcing the Parliament to withdraw the relevant discussion. The case of Japan has been mentioned just now. Pension payments in Japan are financed by revenue from GST, that is, goods and services tax. After increasing the payments in 2014, it was originally planned to increase the amount again in the next year, yet it seems likely now that the increase cannot take place even in 2018 or 2019. A similar system has been carried out in Taiwan not very long time ago, yet the new Government soon discovered that it is not sustainable, therefore it initiated another round of discussion which, again, caused many conflicts. So, we must not ignore these factors if we are to design a cross-generational system that will span not a few dozen years, but one century or two. I suggest Members to refer to the pension

scheme brought up by the Chris PATTEN administration in 1993-1994, as numerous Members have mentioned it in their speeches. There is an interesting figure here: the estimation was that the population of elderly people aged over 65 would account for merely 18% of the total population in 2054. However, the estimation today is that the proportion will be 35% in 2054. Perhaps Members can guess what the estimated proportion of elderly population in 2054 will be when we do the prediction again 20 years later. Of course, the difference in the conclusions can be a result of different assumptions.

I still need to clarify a few issues. Especially when it comes to the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities, which is generally known as the \$2 concessionary fare scheme, I have to reiterate that it aims to encourage elderly people to participate in community activities and promote active ageing. I hope Members can avoid using a single example of a criminal case as a proof that the scheme is abused. Members must not discourage the elderly people from travelling at the concessionary fare. This is not acceptable at all.

One more thing, certain Members have touched upon the stigma attached to CSSA recipients. I am not going to directly quote the wording, but I hope Members can stop using such words, as this will worsen the label put on those people living on CSSA. Before 1997, an official quoted a similar phrase in the Chamber, and subsequently he was viewed as making the remark himself. Since then, the phrase has been mentioned by Members in the Chamber repeatedly. I hope I will not hear anyone mentioning such a phrase or quoting any of the wording at all.

MPF return rate is another topic frequently mentioned by Members. I can provide Members with a more updated figure. The annualized internal return rate of MPF from the establishment of the system to March this year is 3.5%. Obviously, the rate of 3.5% is a result of some financial turmoil two years ago. The annualized composite consumer price index in the same period is 1.8%. The return rate of MPF is of course a bit higher, though I cannot say that the rate is attractive. We can further explore other ways of improvement later.

Members have talked about utilizing the investment returns of fiscal reserves to pay for retirement protection. Indeed, many funds in Hong Kong adopt this method in which they pay for their expenses solely with their investment returns. However, the cash values of the returns will eventually decrease after a few years or around a decade later, and will in turn jeopardize the

capacity of the funds, rendering it necessary for the Government to make further injections. However, this method will not apply to the Government's fiscal reserves, unless Members agree that it should go on accumulating more and more reserves.

Conclusion

President, we totally agree that society as a whole should provide more input into retirement protection to address population ageing and enable the elderly people a good retirement life. However, Members should not discuss certain infrastructure projects and retirement protection in the same breath. In fact, infrastructure development is a kind of long-term investment involving funding in one go. Some Members have compared the two policy areas of education and retirement protection, in which I will say that education expense is a form of investment too. We will continue increasing future investment in education. In the meantime, we are working to implement various measures one by one. As stated in the Policy Address in January this year, we will provide the right services to offer more thorough protection to the retired elderly people. Above all, these are all socially affordable and financially sustainable measures. The new Government will maintain contact with stakeholders concerned, and I trust Members and stakeholders will join us in the task to sensibly and practically address challenges of an ageing society, and to strive for better protecting elderly people's retirement life.

President, I so submit.

PRESIDENT (in Cantonese): I now call upon Mr LEUNG Che-cheung to move an amendment.

MR LEUNG CHE-CHEUNG (in Cantonese): President, I move that Mr LEUNG Kwok-hung's motion be amended.

Mr LEUNG Che-cheung moved the following amendment: (Translation)

"To add "the Government has been continuously increasing social welfare resources, but" after "That"; to add "and it was still 0.473 on a post-tax post-social transfer basis," after "0.539,"; to delete "the severity of" after

"reflecting" and substitute with "that"; to add "was still severe" after "the poor"; to add "the Government must further optimize" after "indicating that"; to delete "by the Government for the elderly was ineffective and full of flaws and loopholes; the assistance provided to the elderly under the Comprehensive Social Security Assistance Scheme has long been a subject of criticism, while" after "introduced" and substitute with "for the elderly and"; to delete "have offered no protection to over 600 000 family carers, and public annuities proposed by the Government are merely investment products, the risks of which will be solely borne by individuals; after the study of the retirement protection system earlier on, the consultancy team led by Professor Nelson CHOW proposed the establishment of a non-means-tested universal Demo-grant; a public consultation on retirement protection conducted by the Government was concluded last year, and various opinion surveys and public consultation forums indicated that most members of the public supported the establishment of a non-means-tested universal retirement protection system with tripartite contributions from employees, employers and the Government and funded by higher profits tax levied on consortia, but the Government has all along evaded the follow-up actions of this proposal" after "('MPF') schemes"; to delete "implement the establishment of a non-means-tested universal retirement protection system with uniform payment, and" after "(1)" and substitute with "further optimize the arrangements for universal retirement protection, so as to achieve the objectives of 'benefiting all people and providing greater assistance to needy elderly people', and the measures include providing an Old Age Allowance free from any asset or income test to all elderly people aged 65 or above; expeditiously implementing the proposal to add a higher tier of assistance concerning the Old Age Living Allowance as set out in the 2017 Policy Address; and further relaxing the asset limits for applying for the Old Age Living Allowance;"; to delete "this proposal" after "respond to" and substitute with "the aforesaid proposals"; to delete ";" after "policy address" and substitute with ", as well as"; to delete "issues such as" after "discussions on" and substitute with "various arrangements for universal retirement protection, including"; to delete "for universal retirement protection" after "arrangements"; to delete "increase" after "(2)" and substitute with "apart from"; to delete "to \$100 billion, to be used as start-up funds for the establishment of a universal retirement protection system, and ensure that the provision will not be used to optimize the Old Age Living Allowance or offset severance payments and long service payments" after "protection for the elderly" and substitute with ", ensure

that there are adequate resources to support the various arrangements for universal retirement protection, including optimizing the Old Age Allowance and the Old Age Living Allowance, and addressing the issue of the MPF offsetting mechanism"; to delete "abolishing the arrangement of using the accrued benefits derived from employers' MPF contributions to offset severance payments and long service payments, while ensuring that employees' existing severance payment and long service payment benefits will not be reduced; and" after "MPF system, including" and substitute with "facilitating employees and employers to reach a consensus on the issue of the MPF offsetting mechanism; introducing more products for MPF investment, including government infrastructure bonds as well as funds linked to the return of the Exchange Fund and linked to inflation; and introducing tax deductions for MPF voluntary contributions; (4) continue to optimize the existing arrangement concerning the application for the Social Security Allowance, including introducing 'Guangdong Scheme' and 'Fujian Scheme' for the Old Age Living Allowance, and allowing elderly recipients of the Disability Allowance to receive the Old Age Allowance at the same time; (5) expeditiously introduce a public annuity scheme and expand its scale, as well as increase the issuance volumes under the Silver Bond scheme and extend the maturity of such bonds; and"; to delete the original "(4)" and substitute with "(6)"; and to delete "make public" before "the estimates" and substitute with "regularly project and announce"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr LEUNG Che-cheung to Mr LEUNG Kwok-hung's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr SHIU Ka-fai rose to claim a division.

PRESIDENT (in Cantonese): Mr SHIU Ka-fai has claimed a division. The division bell will ring for five minutes.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr WONG Ting-kwong, Ms Starry LEE and Mr Holden CHOW voted for the amendment.

Mr James TO, Mr LEUNG Yiu-chung, Mr Tommy CHEUNG, Prof Joseph LEE, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Charles Peter MOK, Mr Dennis KWOK, Mr IP Kin-yuen, Mr Martin LIAO, Mr Jimmy NG, Mr SHIU Ka-fai, Mr SHIU Ka-chun, Dr Pierre CHAN, Mr KWONG Chun-yu and Dr YIU Chung-yim voted against the amendment.

Mr Jeffrey LAM, Mr Christopher CHEUNG, Mr POON Siu-ping, Ir Dr LO Wai-kwok, Mr HO Kai-ming, Mr CHAN Chun-ying and Mr LUK Chung-hung abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr CHAN Hak-kan, Mrs Regina IP, Mr Michael TIEN, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Mr Wilson OR, Ms YUNG Hoi-yan and Mr CHEUNG Kwok-kwan voted for the amendment.

Mr LEUNG Kwok-hung, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms Tanya CHAN, Mr HUI Chi-fung, Mr Jeremy TAM, Mr Nathan LAW and Dr LAU Siu-lai voted against the amendment.

Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mr KWOK Wai-keung abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 3 were in favour of the amendment, 17 against it and 7 abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 9 were in favour of the amendment, 16 against it and 3 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS STARRY LEE (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Establishing a universal retirement protection system" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Starry LEE be passed.

PRESIDENT (in Cantonese): Does any Member wish to speak?

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion on "Establishing a universal retirement protection system" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr KWOK Wai-keung, please move your amendments.

MR KWOK WAI-KEUNG (in Cantonese): President, I move that Mr LEUNG Kwok-hung's motion be amended.

Mr KWOK Wai-keung moved the following amendment: (Translation)

"To add "as Hong Kong's population ages and there is no comprehensive retirement protection system in Hong Kong, the plight of elderly in poverty has begun to surface;" after "That"; to delete "set up" after "policy address;" and substitute with "through the Commission on Poverty or"; to add "to be set up and" after "committee"; to delete "and" after "the Financial Secretary,;" to delete "increase" after "(2)" and substitute with "incorporate the views of the community, such as increasing"; and to add "or allocating \$220 billion from the Future Fund" after "\$100 billion,."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr KWOK Wai-keung to Mr LEUNG Kwok-hung's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr KWOK Wai-keung rose to claim a division.

PRESIDENT (in Cantonese): Mr KWOK Wai-keung has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping, Mr HO Kai-ming, Mr SHIU Ka-chun, Dr Pierre CHAN, Mr LUK Chung-hung, Mr KWONG Chun-yu and Dr YIU Chung-yim voted for the amendment.

Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kiwok, Mr Jimmy NG and Mr SHIU Ka-fai voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Holden CHOW and Mr CHAN Chun-ying abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr WONG Kwok-kin, Mr LEUNG Kwok-hung, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms Tanya CHAN, Mr HUI Chi-fung, Mr Jeremy TAM, Mr Nathan LAW and Dr LAU Siu-lai voted for the amendment.

Mrs Regina IP, Mr Michael TIEN and Ms YUNG Hoi-yan voted against the amendment.

Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Mr Wilson OR and Mr CHEUNG Kwok-kwan abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 13 were in favour of the amendment, 10 against it and 4 abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 18 were in favour of the amendment, 3 against it and 7 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Alvin YEUNG, you may move your amendment.

MR ALVIN YEUNG (in Cantonese): President, I move that Mr LEUNG Kwok-hung's motion be amended.

Mr Alvin YEUNG moved the following amendment: (Translation)

"To delete "in 2016 was 0.539" after "the Gini Coefficient" and substitute with "of Hong Kong has risen further in 2016 compared with that five years ago, reaching 0.539, which hit a new record high in 45 years"; to add "increasing" after "reflecting the"; to add "to formulate a timetable and a roadmap for the implementation of a universal retirement protection system" after "the Financial Secretary"; to delete "and" after "reduced;"; and to add "; and (5) formulate a blueprint for elderly policy before the implementation of a universal retirement protection system" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Alvin YEUNG to Mr LEUNG Kwok-hung's motion, be passed.

PRESIDENT (in Cantonese): I now put the question to you as stated. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr Alvin YEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Alvin YEUNG has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr James TO, Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping, Mr HO Kai-ming, Mr SHIU Ka-chun, Dr Pierre CHAN, Mr LUK Chung-hung, Mr KWONG Chun-yu and Dr YIU Chung-yim voted for the amendment.

Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr Jimmy NG and Mr SHIU Ka-fai voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Holden CHOW and Mr CHAN Chun-ying abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr WONG Kwok-kin, Mr LEUNG Kwok-hung, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew WAN, Mr LAM Cheuk-ting, Ms Tanya CHAN, Mr HUI Chi-fung, Mr Jeremy TAM, Mr Nathan LAW and Dr LAU Siu-lai voted for the amendment.

Mrs Regina IP, Mr Michael TIEN and Ms YUNG Hoi-yun voted against the amendment.

Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Mr CHU Hoi-dick, Mr Wilson OR and Mr CHEUNG Kwok-kwan abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 28 were present, 13 were in favour of the amendment, 10 against it and 4 abstained; while among the Members returned by geographical constituencies through direct elections, 28 were present, 17 were in favour of the amendment, 3 against it and 8 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you still have 11 minutes 21 seconds. Thereafter, the debate will come to a close.

MR LEUNG KWOK-HUNG (in Cantonese): President, "To be a well-favoured man is the gift of fortune, but to write and read comes by nature". This is a line from *Much Ado About Nothing*, a masterpiece of Shakespeare. After hearing Secretary Dr LAW Chi-kwong's speech, I am sure he will absolutely say something like this: "To be a well-favoured man is the gift of fortune, but to write and read comes by nature", which we all instantly know is wrong. It is because the outward appearance of a person comes by nature, but the ability to write and read is acquired by learning. He implored the community in his speech to stop saying that only "beep" people would live on Comprehensive Social Security Assistance, but every government official and speaker who has spoken against universal retirement protection in this Chamber considers that elderly people are "beep" and will impose a burden on the community. This is heartless and hypocritical. If "beep" means lazy, how come elderly people are considered "beep"? It is suggested in all discussions on the subject that as there would be a shrinking working population in Hong Kong, and our financing capacity would also diminish, the Government is not in a position to make long-term planning to take care of elderly people now and in the future. President, these concepts are all wrong.

Shortage gives no cause for concern whilst inequality does. Greece was cited as an example for the economic distress it has experienced, but did Greece go bankrupt because of a too generous social welfare system? Greece has the

poorest social welfare system among Southern European countries as well as European Union countries. Its social welfare system also pales in comparison with those adopted in Northern European countries, and represents the most inferior kind in Europe. In Greece, 90% of social welfare resources are used to provide assistance to the unemployed, while only 10% are used to take care of elderly people, and the problem of unemployment is not caused by elderly people but by the current economic situation.

The same situation also applies to Iceland, which has experienced an economic downturn not because of a too generous social welfare system, but due to financialization, globalization, deregulation, and the use of the national bank as a commercial bank to make investments. The country went bankrupt because of the greedy nature of capitalism, but definitely not because of its nationals who have contributed their own efforts and physical strengths to the prosperous development of the country, especially those who have made contributions to social insurance or other insurance schemes for themselves. If it is considered that the money spent on investments has failed to achieve the objective of profit maximization, it must be a problem with capitalism itself, and it is a problem caused by speculation for the purpose of maximizing profits.

For those who do not believe what I have said, there are two books I would like to recommend. The first book is entitled *The Economics of Inequality*, which is a prequel to *Capital in the Twenty-First Century* and is now available for sale. The second book is entitled *Inequality: What Can Be Done*, which is written by the tutor of the author of the two books I have just mentioned. Detailed statistics are provided in this book to illustrate that over the past many years, no matter whether social benefits were provided or not, social returns yielded by people living on their wages often compared less favourably with those yielded by people living on income from interests, profits, land rents or rent-seeking activities. In the debate held today, we are exactly talking about the situation of people who are living on their wages.

This is the essence of the line "To be a well-favoured man is the gift of fortune, but to write and read comes by nature". When I came across this line years ago while reading the book *Much Ado About Nothing* written by Shakespeare, I was overwhelmed with admiration for the literary giant who came up with such sarcastic remarks. Some people are playing smart, just like the

character Dogberry in that book who considers himself a man of wisdom. He is very fond of chatting with a watchman, and these are the words he once uttered to that watchman. You would probably say something like this.

President, another question is that as long as Dr LAW's theory is adopted as the basis for determining if a universal retirement protection system should be established, not a single mode of operation would be feasible in a volatile economic environment, be it a mode recommended by the Secretary or any other option. However, since the United States has abandoned the gold standard system, we were hit by a new round of global economic crisis once every ten years in an even more extensive and serious manner. Why did the Government propose to attract foreign investments by offering tax rate reductions when issues concerning our tax regime were discussed in this Council last week, and private equity funds are exempted from tax? If things are really what Secretary Dr LAW has suggested, how come the Government does not make an effort to collect more tax? In other word, the Government will make every endeavour to facilitate activities of bankers and tycoons in Hong Kong to seek profits, interests and land rents as long as they are commercially successful. Not only has the Government tried not to collect tax, it has also allocated funds for taking forward "white elephant" projects.

This is an issue about which I have been arguing with John TSANG all these years, since he has recommended the establishment of the Future Fund, notionally held against the Land Fund, with regular top-ups from part of the revenues from land sales. The Fund is set up to finance "white elephant" projects, but why not inject the money into the old age pension fund which Secretary Dr LAW has mentioned just now if it will really be running on deficit? Why this cannot be done, Secretary Dr LAW? Why did you not provide him with advices in this regard? When Carrie LAM was running for the Chief Executive Election, she criticized John TSANG for being slack in discharging his duties and tilting in favour of the interests of the business sector, and boasted how she had been appropriately proactive. In this case, why does the Secretary not act in an appropriately proactive manner today, but make humiliating remarks on the Scholar Proposal put forward by his fellow members in the same profession? Is it right for him to behave like this? Show some respect for yourself, buddy.

Some of his supporters, such as Mr Martin LIAO who is now not present in the Chamber, were thus tempted to speak and labelled what I said as populism and welfarism, but would they please give me a break. What I am saying now is a matter of life and death that anyone who has a sense of compassion cannot turn

a blind eye but will give a helping hand. We should take care of elderly people who have reached a certain age and can no longer earn any income from their wages, nor make money very effectively from activities to reap interests, profits, land rents and rents. The sum of \$3,500 is not universal retirement protection payment but universal retirement subsidy. In this extremely rich society of ours, the average per capita income is so high, but the disparity between the rich and the poor is so serious. What I am asking for is a one-off increase in the non-means-tested "fruit grant" payment to over \$3,000, and that is all.

We will be more than willing to give our support to any other products proposed, be they services provided by the Government or by private companies, and what we are talking about is a protection system with tripartite contributions so that no one will reap without sowing. The background for BISMARCK's introduction of the first social security act in the 19th century is the riots among workers in Germany, and the riots were initiated by certain socialist parties, the forerunners of communist parties. An anti-socialist act was thus introduced to arrest all people who raised objections, just like what happens in the Mainland today. On the other hand, a social security act was also introduced to require that contributions had to be made to a social security system, and all these did not happen without cause. There was a reform in Russia after the Bolshevik Revolution and subsequently, a similar system was extensively implemented in the entire Europe during economic recession. After the Second World War, there were worries among capitalist countries that people would be attracted to join the communist camp if no improvements were made. Hence, the European Community and the United Nations were established, the International Covenant on Economic, Social and Cultural Rights was adopted, and all these were new initiatives then, were they not? What a scholar in pretence!

What is the most important quality of a scholar? It is most important for a scholar to have a clear conscience. Lu Xun once went to meet ZHANG Taiyan, a master of Chinese culture who has engaged in a revolutionary career with SUN Yat-sen. Lu Xun wrote in his diary after the meeting that he did not regard ZHANG Taiyan an erudite scholar, and he admired ZHANG Taiyan not for his scholastic competence, but for the fact that he was a learned revolutionist. What we need are learned social revolutionists and scholars with a clear conscience. In the eyes of Lu Xun, ZHANG Taiyan is a respectable person not because of his scholastic competence, although he is definitely a learned scholar.

Please stop being so heartless. Frankly speaking, President, he might lose to me if I were allowed to have a debate with him in an open forum, but I am now running out of speaking time. Since you have allowed him to speak for over 30 minutes, reciprocal arrangements have to be made in the future. I now challenge you to hold a debate forum, and if you dare invite Nelson CHOW to attend, I will definitely join the debate and win over you.

The core of the whole problem is that this Government of ours is like a pyramid. It will make every attempt to raise fund and reap profits through banks and the stock market, and this is also the reason why it has taken forward a large number of privatization plans. In the process of privatization, workers have no pay rise and general labourers are subject to a salary reduction, so where can they find the money to save up? Although they are willing to make contributions, how can they sustain their living with their meagre wages? When they are getting old and have only tens of thousands of dollars or \$100,000 odd with them, what should they do with the money, to purchase a niche or rent a "coffin-sized unit" as shelter? This is the subject under discussion today.

I have no enemy, and I can tell you that although I am giving you a dressing down at this moment, it is only an action moved by righteous indignation and I bear no hatred towards anyone. I have to tell you that you ought to solve this problem sooner or later. Even though young people are told that elderly people are a burden, they would only be fooled temporarily but would not be blinded forever. I can tell you that young people who have participated in the Umbrella Movement would not consider elderly people a burden, but they understand very clearly that it is gerontocracy that drags everything down. You can just wait and see.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr LEUNG Kwok-hung be passed. Will those in favour please raise their hands?

(Members raised their hands)

PRESIDENT (in Cantonese): Those against please raise their hands.

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. The division bell will ring for one minute.

PRESIDENT (in Cantonese): Will Members please proceed to vote.

PRESIDENT (in Cantonese): Will Members please check their votes. If there are no queries, voting shall now stop and the result will be displayed.

Functional Constituencies:

Mr LEUNG Yiu-chung, Prof Joseph LEE, Mr Charles Peter MOK, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping, Mr HO Kai-ming, Mr SHIU Ka-chun, Dr Pierre CHAN, Mr LUK Chung-hung, Mr KWONG Chun-yu and Dr YIU Chung-yim voted for the motion.

Mr Tommy CHEUNG, Mr Jeffrey LAM, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr Jimmy NG and Mr SHIU Ka-fai voted against the motion.

Mr WONG Ting-kwong, Ms Starry LEE, Mr Holden CHOW and Mr CHAN Chun-ying abstained.

THE PRESIDENT, Mr Andrew LEUNG, did not cast any vote.

Geographical Constituencies:

Mr WONG Kwok-kin, Mr LEUNG Kwok-hung, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr KWOK Ka-ki, Mr KWOK Wai-keung, Dr Fernando CHEUNG, Dr Helena WONG, Mr Alvin YEUNG, Mr Andrew

WAN, Mr CHU Hoi-dick, Mr LAM Cheuk-ting, Ms Tanya CHAN, Mr HUI Chi-fung, Mr Jeremy TAM, Mr Nathan LAW and Dr LAU Siu-lai voted for the motion.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Ms YUNG Hoi-yan voted against the motion.

Mr CHAN Hak-kan, Mr LEUNG Che-cheung, Dr Elizabeth QUAT, Mr Wilson OR and Mr CHEUNG Kwok-kwan abstained.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 12 were in favour of the motion, 10 against it and 4 abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 18 were in favour of the motion, 4 against it and 5 abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was negatived.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11:00 am on Wednesday 12 July 2017.

Adjourned accordingly at 4:41 pm.