

**立法會**  
*Legislative Council*

Ref : CB2/HS/1/04

LC Paper No. CB(2) 2822/05-06  
(These minutes have been seen by  
the Administration)

**Subcommittee to Study the Subject of Combating Poverty**

**Minutes of meeting  
held on Friday, 17 March 2006 at 3:40 pm  
in the Chamber of the Legislative Council Building**

**Members Present** : Hon Frederick FUNG Kin-kee, JP (Chairman)  
Hon James TIEN Pei-chun, GBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHAN Yuen-han, JP  
Hon Emily LAU Wai-hing, JP  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, JP  
Hon LI Fung-ying, BBS, JP  
Hon LEUNG Kwok-hung  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon Ronny TONG Ka-wah, SC  
Hon Albert Jinghan CHENG

**Members absent** : Hon Margaret NG  
Hon LEUNG Yiu-chung  
Hon Alan LEONG Kah-kit, SC

**Public officers attending** : Professor CHEUNG Yan-leung, Stephen  
Member, Commission on Poverty  
  
Professor CHOW Wing-sun, Nelson, SBS, JP  
Member, Commission on Poverty  
  
Mrs Cherry TSE Ling Kit-ching, JP  
Secretary to the Commission on Poverty

Mr D C CHEUNG  
Principal Assistant Secretary for Health, Welfare and Food  
(Elderly Services and Social Security) 2

Mr LAI Shiu-bor  
Chief Social Security Officer (Social Security) 2  
Social Welfare Department

Mrs Janet TSANG  
Chief Manager/Management (Support Services)  
Housing Department

Mr Tony LIU  
Senior Housing Manager (Kowloon West)  
Housing Department

**Clerk in attendance** : Mrs Constance LI  
Chief Council Secretary (2)5

**Staff in attendance** : Miss Betty MA  
Senior Council Secretary (2)1

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**I. Resources for assisting the working poor**

[LC Paper Nos. CB(2) 1391/05-06(01)]

[LC Paper No. CB(2) 1435/05-06(01) and (02)]

[LC Paper No. IN18/05-06]

The Chairman said that at the last meeting held on 28 February 2006, members agreed that the Subcommittee would raise with the Administration the following specific measures to assist the working poor -

- (a) providing transport subsidy to the working poor living in remote areas in the northern and western parts of the New Territories for travelling to work in other districts;
- (b) providing financial assistance to the working poor to enable them to have an acceptable standard of living (i.e. the second safety net concept); and
- (c) setting up a fund to help people living in poverty.

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Transport subsidy

2. The Chairman said that the Legislative Council (LegCo) Secretariat had prepared a paper giving an estimate of costs for providing transport subsidies to the working poor living in remote areas in the northern and western parts of the New Territories (LC Paper No. CB(2)1355/05-06(01)).

3. Mr LEE Cheuk-yan commented that the Financial Secretary (FS)'s proposal in the Budget to provide short-term travel support for residents living in remote areas and who had completed full-time courses with the Employees Retraining Board (ERB) could benefit only a small number of people. He said that the purpose of providing transport subsidy was to assist the working-poor living in remote areas to work across districts and to enhance incentives for the unemployed to take up employment. Mr LEE said that some employers in remote areas, such as Tin Shui Wai, were reported to have reduced the wages of their employees who lived in the district, by an amount equivalent to the transportation cost. If the Government could provide transport subsidy to these employees, they could have a wider range of job choices within or outside the district. More importantly, those employees living and working in the remote areas could get a fairer pay without deductions. While he considered the most equitable way to assist the working poor was to introduce a tax credit scheme, the provision of transport subsidy to the working poor was a step forward to assist them to stay in employment. Mr LEE strongly urged the Commission on Poverty (CoP) to consider the assistance to the working poor, in particular the provision of transport subsidy, in its forthcoming meeting on 27 March 2006. Mr LEE pointed out that according to the Census and Statistics Department (C&SD), there were about 50 000 employed persons in working-poor households in Tuen Mun, Yuen Long and North District. If a subsidy up to 50% of the transport costs was provided to 50 000 working poor, the estimated annual costs would be about \$328 million. He proposed that for easy administration, a monthly transport subsidy of \$500, instead of 50% of the transport costs, be provided to the working poor living in these districts.

4. Mr TAM Yiu-chung said that the proposed provision of short-term travel support as announced in the Budget was limited to retrainees residing in Yuen Long, Tung Chung and North District who had completed full-time or placement-tied courses of the ERB. Mr TAM considered that the Administration should, in the first instance, consider providing transport subsidy to low-income households currently receiving Comprehensive Social Security Assistance (CSSA), and extend the scheme to non-CSSA households subsequently. As many low-earning employees were living in remote areas like Tin Shui Wai, the provision of travel support to these employees would provide incentive for them to take up more suitable jobs across districts.

5. Dr Fernando CHEUNG considered that the proposed transport subsidy should be extended to the working poor in the three selected districts, and also the unemployed youth living in remote areas for attending job interviews. He pointed out that Tuen Mun had a very high unemployment rate and there were also many working-poor households. Dr CHEUNG also pointed out that some employers in

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remote areas reduced the wages of their employees if the latter was residing in the same district. He proposed that the provision of transport subsidy and setting of a minimum wage should go hand-in-hand to enable the working poor to receive a reasonable income.

6. Mr Albert HO said that the issue of providing travel support for the working poor living in the western and northern parts of the New Territories had been discussed for a very long time. For those who lived in remote areas and outlying islands, they had to commute long distance to work and the transport costs represented a significant proportion of their income. Given the high transport costs, these low-income workers living in remote districts seldom went outside their districts, and this had impaired their social life. Mr HO considered that apart from the provision of travel support, the Administration should also examine other measures, such as downward adjustment of public transport fees, to help the low-income households.

7. Mr Ronny TONG commented that the purpose of the proposed travel support was to provide incentives for low-income employees living in remote areas to stay in employment and such a scheme should not be linked with CSSA. Mr TONG further said that the Administration should provide members with the details of the proposed travel support scheme, such as the level of subsidy and number of beneficiaries.

8. Ms LI Fung-ying shared the view that transport subsidy should be targeted at low-income employees to encourage them to stay in employment or take up employment across districts, as a measure to help them move from welfare to self-reliance. Therefore, the subsidy should not be targeted at CSSA recipients. Ms LI said that a simple system should be devised for the administration of the scheme in order to save administrative costs. For instance, there was no need to restrict the scheme to certain districts as it would be difficult to define "remote districts". Ms LI further said that the Administration should consider providing travel support to low-income employees on a long-term basis.

9. Ms Emily LAU said that there was general consensus among members that the Administration should allocate more resources for providing travel support to the needy, and that travel subsidy should not be limited to three selected districts. She suggested that the threshold should be lowered so that more people would be benefited.

10. Miss CHAN Yuen-han said that she welcomed the proposal of providing travel support to people living in remote areas. She pointed out that some people who had completed full-time ERB courses but lived in urban areas had queried why they could not receive the transport subsidy for taking up employment across districts. She suggested that the scheme should be extended to other districts, and also cover the youth.

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11. Mrs Selina CHOW said that Members belonging to the Liberal Party agreed that there should not be households living below an acceptable standard, and that these households should not be worse off when compared to those who did not work or who relied on CSSA. The transport subsidy had been highlighted as one of the key issues to assist these working-poor households. Mrs CHOW shared the concern that transport costs accounted for a significant proportion of the income of the working poor living in remote areas. She agreed that travel support should be provided to these working poor, and that a simple system should be devised to facilitate early implementation of the proposal. She urged the Administration to consult the districts as soon as possible.

12. The Chairman said that the Subcommittee generally agreed that providing travel support to the working poor was in the right direction, but the proposal in the Budget was too restrictive. As the purpose was to encourage people to stay in employment, such scheme should be provided on a long-term basis and should not be restricted to three districts. He suggested the Administration to devise a system based on the income level of beneficiaries. For example, the Subcommittee's report on working poverty had defined "working-poor households" as those households with at least one member working and with a monthly household income below 50% of the median income of households of the same size. He further suggested that a monthly transport subsidy could be provided to the working poor for a specified period. The authority could conduct random inspections to guard against abuse of the subsidy. He envisaged that the additional recurrent costs for providing the transport subsidy could be met by the fiscal surplus.

13. Secretary to CoP (Secy/CoP) thanked members for their suggestions regarding the implementation of the travel support scheme. She gave the following responses to members' views and suggestions –

- (a) the purpose of providing travel support was to provide additional support and incentives for the unemployed to take up employment, and for the low-income employees to stay in employment instead of going on welfare. In the past few months, CoP had been studying measures to assist the low-income employees. While CoP agreed that providing travel subsidy to low-income workers living in remote areas would enhance the incentive to take up employment across districts, it was necessary to devise a viable and cost-effective implementation mechanism;
- (b) the proposed transport support trial scheme in the Budget would be operated through the training bodies of ERB in the pilot districts, which currently also provided employment-related subsidy for training to the unemployed. If the trial scheme was effective, the Administration would consider extending the travel support scheme;

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- (c) CoP was open-minded on whether the grant of travel support should be assessed on the basis of the household income or the individual's income, and CoP would discuss the detailed arrangement. CoP would also discuss with non-governmental organisations the most suitable arrangement for providing travel support to encourage people including youths to seek and stay in employment; and
- (d) in devising the implementation mechanism, CoP would take into account members' concerns about the possibility of abuse and deliberate reduction of wages by some employers to employees receiving transport support. The Administration would also consider the cost and legal implications in designing an audit or monitoring system.

Secy/CoP added that CoP would endeavour to work out the mechanism to implement the proposed travel support as early as possible, and any views and suggestions were welcome.

14. Professor CHEUNG Yan-leung, member of CoP, said that CoP had discussed the subject of providing travel support to the working poor since last year. While he supported providing such support to the working poor and CSSA recipients as an additional incentive to taking up employment, he considered that a number of issues had to be sorted out, such as the assessment criteria and the coverage of the scheme. The possible side-effects, such as reduction of wages by some employers to employees receiving transport support, would also be considered.

15. Professor Nelson CHOW, member of CoP, agreed with some members that the provision of transport subsidy should not be linked up with the CSSA scheme, in order to encourage low-income employees not to rely on welfare. He said that for the 18 000 low-earning CSSA cases, the Disregarded Earnings already provided incentives for this category of CSSA recipients to take up employment. As regards eligibility for transport subsidy, he considered that the income threshold could be set at a percentage above the CSSA eligibility criteria, in order to save the trouble of frequent updating if linked to the household median income. He suggested that the granting of transport subsidy should be by application.

16. Professor CHOW said that there was general agreement among CoP members that travel support should be provided to low-income employees living in remote districts. There were about 450 000 adults living in households with an income below 50% of the median income, and 200 000 of them were living on an income similar to that of CSSA recipients. Professor CHOW pointed out that there were fewer job opportunities and the pay was relative lower in remote areas. As the cost of transport was an important consideration factor for people living in remote areas in taking up employment in other districts, the provision of travel support would enhance the bargaining power of low-income workers to seek better-paid employment in other districts. Professor CHOW added that the transport support scheme proposed in the Budget was only the first step to help the working poor. If the scheme was effective,

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there was a greater chance for CoP to extend the scheme to the working poor with an income below a certain level.

17. Mr LEE Cheuk-yan agreed that the purpose of providing assistance to the working poor was to bring their disposable income at least on a par with the CSSA rates. Providing transport subsidy to low-income workers was one form to achieve the purpose. Having regard to the concerns expressed by other members, he proposed to move the following motion to urge the Administration to provide cross-district transport subsidy to working poor living in remote areas -

“本委員會強烈要求特區政府設立「偏遠地區在職貧窮跨區工作交通津貼」，發放每月五百元交通津貼給偏遠地區(元朗、屯門、離島、北區)居住而又跨區工作的低收入在職家庭。”

[English Translation]

“That this Subcommittee strongly urges the Government of Hong Kong Special Administrative Region to introduce a ‘Cross-district transport subsidy to the working poor living in remote areas’, and to provide a monthly transport subsidy of \$500 to the working-poor households living in remote areas (Yuen Long, Tuen Mun, Islands, North District) and working across districts.”

18. Mr LEE Cheuk-yan explained that instead of providing an one-off transport subsidy as proposed in the Budget, a long-term transport subsidy scheme could help low-income employees to stay in employment or find better jobs outside their districts. He proposed that initially, the proposed monthly transport subsidy of \$500 should be limited to those living in remote areas. He urged the Administration to devise a simple mechanism for assessing eligible applicants so that the scheme could start as early as possible.

19. Mr Ronny TONG said that he was in support of Mr LEE Cheuk-yan’s motion. He was inclined not to support the travel support scheme proposed in the Budget, unless the Administration agreed to take forward the Subcommittee’s proposal as given in the motion. Mr TONG further said that it was obvious that members had consensus about providing transport subsidy to the working poor. Ideally, the proposed transport subsidy should cover all working poor in Hong Kong. However, he was concerned that the Administration might make use of the cost implications as an excuse of not taking forward the Subcommittee’s proposal. He therefore suggested a pragmatic approach that the proposed scheme be limited to the working-poor households in Tuen Mun, Yuen Long and North District initially. According to the LegCo Secretariat’s estimation, about \$300 million would be required under this proposal. He considered that such an amount should be acceptable to the Administration under the current financial situation.

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20. Miss CHAN Yuen-han said that she had no objection to starting the proposed scheme in selected districts. However, the Administration and the Subcommittee might have to consider the justifications for selecting some districts but not others.

21. The Chairman said that he supported Mr LEE Cheuk-yan's proposal. However, to provide flexibility for the Administration in considering the proposed transport subsidy scheme to the working poor, he suggested that the amount of subsidy be set by the Administration instead. He envisaged that the Administration might also need to devise a mechanism for assessing and paying out the subsidy, particularly if a large number of people would be eligible.

22. Secy/CoP said that the travel support scheme proposed in the Budget was to assist the unemployed to take up employment, while Mr LEE's motion was to provide transport subsidy to those already in employment but had a low income. She said that the two proposals were not mutually exclusive, and she hoped members would support the proposal in the Budget as well. Secy/CoP further said that while there was consensus that transport subsidy should be targeted at the needy, other issues, such as the target beneficiaries, territorial coverage, level of subsidy and an effective system to prevent abuse had to be worked out. She stressed that the Administration was open-minded in considering all possible options.

23. The Chairman put Mr LEE Cheuk-yan's motion to vote. All the seven members present voted for the motion and no member voted against the motion. The Chairman declared that the motion was passed.

"Second safety net"

24. Referring to the information note on "Income shortfall of a low-income non-CSSA household living in a private domestic unit" (IN18/05-06) prepared by the Research and Library Services Division of LegCo Secretariat, the Chairman noted that rent constituted a major component in the expenditure of working-poor households. The Chairman said that the Housing Authority had once provided rent assistance to non-CSSA elderly who lived in private domestic units. He asked about the reasons for discontinuation of the policy.

25. Chief Manager/ Management (Support Services), Housing Department (CM/HD) responded that in 2000, the Housing Authority had implemented a rent allowance scheme for elderly who were on the waiting list for public housing units. The Housing Department had less than 500 cases in hand. In view of the lukewarm response and the relative high administrative cost, the scheme was discontinued. CM/HD said that according to the elders on the waiting list, they preferred the allocation of a public housing unit to rent allowance, because they were worried about the need to move to another domestic unit upon expiry of tenancy.

*(Post-meeting note: The Administration subsequently advised that there were 323 cases remaining as at 31 May 2006.)*

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26. Miss CHAN Yuen-han said that she agreed to the provision of rent assistance to non-CSSA low-income workers as a form of “social wages”. However, she considered that the most effective way to help the poor move from welfare to self-reliance was to enhance the employability of the low-income workers, for example, through the development of social enterprise. Miss CHAN noted that FS had announced in his Budget speech that the Government would assist further in the development of social enterprises in Hong Kong, and would facilitate participation by social enterprises in tenders for government contracts. She pointed out that the disadvantaged groups did not have the knowledge and skills of running a business, and she asked about the plan for facilitating participation by social enterprises in tenders for government contracts.

27. Secy/CoP said that although the development of social enterprises had a relatively short history in Hong Kong, experience in both overseas and in Hong Kong reflected that social enterprises made positive contribution to the society, particularly in social integration and enhancing the skills and employability of long-term unemployed. In the United Kingdom, its social enterprises employed over 770 000 people in the country. Secy/CoP further said that participation by social enterprises in tenders for government contracts would be subject to the same principles of transparency, fairness and value for money for government procurement. Extra credit would be given to bids which applied the concept of social enterprises by enhancing the employability of the disadvantaged, while still giving the best value for money.

28. Mr Albert HO said that the Administration should implement the “second safety net” concept by providing financial assistance and support to the working poor who were not eligible for or not willing to receive CSSA, to ensure that the working poor would have an acceptable standard of living which should not be lower than that of the CSSA recipients. Citing the seven-year residence rule for public housing and CSSA as an example, Mr HO said that some family members of the low-income households were new arrivals and not eligible for CSSA. Such requirements had posed greater financial hardship for the low-income households. More support should be given to these households. Mr HO further said that give the fiscal surplus this year, Members belonging to the Democratic Party suggested that the Administration should utilise the surplus and set up a children’s development fund to enable children from low-income families to participate in extra-curricular activities.

29. Secy/CoP said that the Government had provided a safety net which ensured that everyone, including the working poor, could have access to services and support to meet their basic daily living requirements. It was worthy to note that over half of the public expenditure was for public housing, education, welfare and public health, and the expenditure on welfare had increased by 90% in the past 10 years. Secy/CoP further said that the existing social policies had an income redistributive character. To shed light on the problems faced by low-income employees, and in particular, whether they had moved up the earnings ladder, the Government Economist’s Office

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was conducting a study on earnings mobility and the results would be available later in the year. The findings would facilitate a better understanding of the problem and the formulation of specific measures to address the needs of the low-income employees. Secy/CoP stressed that notwithstanding current efforts in addressing the needs of the poor, the Administration recognized that there was still scope for improvements to encourage self-reliance through work.

30. On the seven-year residence rule for public housing and CSSA, Principal Assistance Secretary for Health, Welfare and Food (Elderly Services and Social Security) explained that new arrivals aged below 18 were exempted from the seven-year residence rule for CSSA. The Director of Social Welfare would take into account the circumstances of individual cases and exercise his discretionary power to exempt the residence requirement for those new arrivals who faced financial hardship. He stressed that the Government would ensure people in Hong Kong would have access to services and support to meet their basic daily living requirements.

31. Ms LI Fung-ying said that in studying the provision of “second safety net”, CoP should pay particular attention to the needs of child care and education of children from low-income households. While CSSA recipients had access to free or subsidised services on public housing, education, welfare and health care, the needs of low-income groups in these areas were neglected. She pointed out that children in low-income households were deprived of pre-school education because of inadequate child care service and unsubsidised kindergarten education. To alleviate the problem of intergenerational poverty, Ms LI urged CoP to look into the specific needs of low-income households, and consider enhancing child care services and providing subsidies to kindergarten education. This would enable children from low-income families to benefit from school education during the early stage of life cycle.

32. The Chairman shared a similar view with Ms LI Fung-ying. The Chairman advised that according to the Subcommittee’s report on working poverty, the Subcommittee referred low-income households to those households with at least one member working and with a monthly income below 50% of the median income of households of the same size. The level was close to the monthly allowance payable under the CSSA scheme. To alleviate the financial hardship faced by the working poor, the Chairman considered that the Administration should make reference to the monthly supplements payable to CSSA recipients, and provide financial assistance (e.g. rent assistance) to low-income workers to meet their personal or family’s special needs.

33. CM/HD said that the public rental housing programme was to provide basic and adequate accommodation to families who were unable to afford private-rental housing. Referring to the case illustrated in LegCo paper No. IN18/05-06, CM/HD pointed out that a four-member family with a monthly salary of \$9,800 and monthly expenditure of \$11,269 was eligible for applying public housing units, as the income limit for a four-person household was \$14,300. She said that of the 660 000 public housing tenants, more than 500 000 were non-CSSA recipients.

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(*Post-meeting note:* The Administration subsequently advised that the income limit for 4-person families was revised to \$14,600 as from 1 April 2006.)

34. Ms LI Fung-ying pointed out that the low-income families who had applied for public housing units still had to wait for several years before being allocated a housing unit. In the meantime, they could not make both ends meet because of the expensive rental for renting private domestic units.

35. CM/HD advised that to ensure that low-income families could benefit from the public rental housing programme as soon as possible, the Housing Authority had pledged to maintain the average waiting time at around three years. At present, the average waiting time was two years. Elderly applicants were given expedited access under various priority flat allocation schemes. Families with urgent and compassionate needs could also get immediate access to public rental housing under the Compassionate Rehousing Scheme. For normal Waiting List applicants, they could join the Express Flat Allocation Scheme (which was for disposal of unpopular flats) whereby they could be allocated a flat within months.

36. Professor Nelson CHOW agreed that assistance should be provided to low-income earners. He said that while the CSSA Scheme provided a safety net for the poor, the Government had also provided essential services and support which could be regarded as the second safety net. He considered that some low-income households in Hong Kong did not apply for CSSA because they already received some form of support in meeting their basic needs such as public housing programme, welfare and healthcare. Professor CHOW further said that he would appreciate concrete proposals from members on how to further provide assistance to low-income employees at a more targeted level.

37. Dr Fernando CHEUNG said that while he agreed that to some extent, there was a second safety net and the working poor could access certain services and support, such assistance was not adequate to alleviate the financial burden of the low-income households. The Subcommittee wished to strengthen the support to these low-income households on the waiting list for public housing, as their meagre income could hardly meet the basic needs such as child care expenses and rental for housing, particularly if they were living in private domestic units. Dr CHEUNG further said that although the public expenditure on welfare had increased in past years, such expenditure represented only a small portion of gross national product (GNP) of Hong Kong, as a result of the widening gap between the rich and the poor. Dr CHEUNG pointed out that public expenditure should be targetted at the needy, and the Administration should pursue the "second safety net" concept and provide financial assistance to the working poor to enable them to have an acceptable standard of living.

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38. Secy/CoP said that there was already a rather comprehensive safety net in Hong Kong ensuring all people could have access to services and support to meet their basic daily living requirements. Moreover, the taxation, education, housing, education, welfare and public health care policies of Hong Kong all had an income redistributive character. Although the public expenditure on welfare only represented a small portion of GNP of Hong Kong when compared to western countries, Secy/CoP pointed out that all welfare expenditure in Hong Kong was funded by Government, while community donations took up a significant proportion of welfare expenditure in western countries.

39. Secy/CoP said that notwithstanding the rather comprehensive nature of the social policies in Hong Kong addressing the needs of the poor, the Administration agreed that continued efforts should be made to address the problems of structural unemployment. As the middle-aged group with low skills and low educational attainment was most hard hit by globalization and economic restructuring, more targetted assistance would be provided to this group. CoP considered staying in employment was the best way to move away from poverty. In this connection, the Government Economist's Office was conducting a study on earnings mobility which would facilitate formulation of targeted assistance to the working poor. CoP was also conducting a study on good practices in district-based strategies which contributed to sustainable alleviation of poverty on promotion of self-reliance.

40. Mr LEUNG Kwok-hung said that the crux of the poverty problem lay in the Government's unwillingness to redistribute wealth. Mr LEUNG pointed out that the proportion of public expenditure on welfare to GNP in Hong Kong was far less than that in most overseas countries. The Gini Coefficient of Hong Kong also reflected a widening gap between the rich and the poor in Hong Kong. As it had become more difficult for the less-educated, low-income group to move up the social ladder, it was necessary for the Government to provide new forms of income support to the poor. To tackle the problem at root, Mr LEUNG considered that CoP should urge the Government to allocate additional resources for helping the poor, such as increasing the taxes or providing tax rebate for developing social enterprises since corporate donation was unpopular in Hong Kong.

41. Mr LEE Cheuk-yan held the view that a "second safety net" should be provided to the working poor. He considered that providing certain exemptions and subsidies to the low-income earners could not alleviate their financial hardship, if their wages remained at a very low level. The solution to working poverty was the implementation of "make work pay" concept and introduction of a minimum wage. He pointed out that only 40 000 out of the 230 000 low-income households were on CSSA, and those not applied for CSSA was because such assistance did not meet their needs. Referring to the successful overseas experience in assisting the working poor, Mr LEE said that income support was not the appropriate measure to provide additional incentives for the low-income employees to move from welfare to employment.

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42. Responding to Mr LEUNG Kwok-hung's remarks, Professor CHEUNG Yan-leung said that Hong Kong was not worse off in the provision of welfare services when compared to western countries. He pointed out that the expenditure on welfare, education and healthcare represented 60% of the Government's recurrent expenditure. While he acknowledged a widening gap between the rich and the poor in Hong Kong, he considered that the Gini Coefficient did not fully reflect the situation of the poor, as the provision of health care and housing was not taken into account. Professor CHEUNG also pointed out that there was high social mobility than before. According to a survey on the household background of first-year students of the City University of Hong Kong since 2001, one-third of the respondents lived in public housing units, one-third lived in Home Ownership Scheme units, while the remaining one-third lived in private housing. This reflected that the families of first-year students were better off than those in decades ago.

43. Professor CHEUNG Yan-leung said that he agreed that the middle-aged group with low education and low skills did not benefit from the economic recovery, and the Administration should provide more targeted assistance to these people. However, he considered that the implementation of "second safety net" concept was a very complicated matter, and it would be more practical to meet the needs of the poor by specific measures, for example, CoP could review whether CSSA was inadequate and how CSSA should be improved to meet the specific needs of the low-income group.

44. Secy/CoP pointed out that the CSSA Scheme in Hong Kong was non-contributory. Moreover, as a result of globalisation, the Gini Coefficient in many developed countries had also gone up. Secy/CoP said that the social mobility of a community would provide more useful reference for analysing its poverty problem. In this connection, a survey on income mobility was being conducted to collect information on people's present and past employment earnings, as well as their socio-economic characteristics.

Setting up a fund to help people living in poverty

45. Professor Nelson CHOW said that CoP had considered the various funds that were available to finance social partnership projects to address the needs of disadvantaged groups. Referring to the overseas and local experience in the development of social enterprises, Professor CHOW said that support and funding were necessary to enable social entrepreneurs to start their business. To this end, more publicity should be launched to promote the concept of corporate responsibility, in order to encourage more corporate donations and participation.

46. The Chairman said that apart from providing funds to develop social enterprises, the Administration should set up a fund to support initiatives to alleviate poverty. CoP should also consider ways to encourage corporate donations.

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47. Ms LI Fung-ying said that to ensure the sustainability of the fund to help the poor, the Administration should inject or attract new money into the fund. She stressed that there should be new resources for helping the poor, and the Administration should explore new measures for funding new initiatives.

48. Professor CHEUNG Yan-leung held the view that the business sector should play a vital role in poverty alleviation, and the Government should act as an intermediary to promote business engagement in tackling poverty.

49. Secy/CoP said that in considering feasibility of any new subsidy schemes or funds for helping the needy, it was important to ensure that the new initiatives were purposeful and could achieve the intended policy objectives. In addition, CoP shared the importance of cross-sector efforts in helping the disadvantaged and would, in this connection, endeavour to promote corporate social responsibility.

**II. Any other business**

50. There being no other business, the meeting ended at 5:50 pm.

Council Business Division 2  
Legislative Council Secretariat  
26 July 2006