

立法會
Legislative Council

LC Paper No. CB(2)2775/06-07
(These minutes have been
seen by the Administration)

Ref : CB2/HS/1/04

Subcommittee to Study the Subject of Combating Poverty

Minutes of meeting
held on Tuesday, 10 July 2007, at 4:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon Frederick FUNG Kin-kee, SBS, JP (Chairman)
Hon James TIEN Pei-chun, GBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Yiu-chung
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 Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon Fernando CHEUNG Chiu-hung

Members absent : Hon Ronny TONG Ka-wah, SC
Hon Albert Jinghan CHENG

Public Officers attending : Item I

Mr Donald TONG
Deputy Secretary for Home Affairs (1)

Mr Gary YEUNG
Deputy Director of Home Affairs (1)

Item II

Mr K C KWOK
Government Economist
Economic Analysis and Business Facilitation Unit
Financial Secretary's Office

Ms Edna WONG
Principal Assistant Secretary for Labour and Welfare
(Special Duties)

Miss K L CHAN
Assistant Commissioner (Social)
Census and Statistics Department

Mr Gary HUI Ka-wai
Research Manager (Special Duties/Social Statistics)
Census and Statistics Department

Clerk in attendance : Miss Betty MA
Chief Council Secretary (2) 4

Staff in attendance : Mr Chris LAI
Senior Council Secretary (2) 7

Miss Maggie CHIU
Legislative Assistant (2) 4

Action

I. Development of social enterprise

[LC Paper Nos. CB(2)2385/06-07(01) to (02) and IN13/06-07]

The Subcommittee deliberated (index of proceedings attached at **Annex**).

Discussion with the Administration

2. Members noted the Administration's initiatives to foster the development of social enterprise (SE), including providing start-up support for SEs, and organising forums and a summit on SE to explore the possible way forward for the further SE development in Hong Kong.

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3. Members generally expressed disappointment at the absence of details in the Administration's paper about the concrete measures to foster the further development of SE. Members considered that the Government should create an enabling environment for SEs, and made the following suggestions for the Administration's consideration –

- (a) development of SE should not be confined to small-scale pilot projects at the district level, as they were far from adequate to create job opportunities for the unemployed;
- (b) the legal framework for the establishment of SEs, including the Co-operative Societies Ordinance and the Companies Ordinance, was outdated and should be reviewed;
- (c) more weights should be given to those SEs which provided job opportunities for the socially disadvantaged groups when awarding Government service contracts; and
- (d) support and assistance should be provided to help the sustainability of SEs.

4. Responding to members' suggestions, Deputy Secretary for Home Affairs (1) and Deputy Director of Home Affairs (1) (DD/HA(1)) made the following remarks –

- (a) development of SE would require cross-sectoral collaboration and should be carried out in phases. The Administration would take into account the local experience of SE projects and that of overseas countries with a view to mapping out the possible way forward for the further SE development in Hong Kong;
- (b) the Administration would study whether amending the Co-operative Societies Ordinance would be the best way forward, or if amendments to the Companies Ordinance would be more appropriate for establishing a new legal entity to promote SE development;
- (c) the Administration would consider whether the weighting of employment of disadvantaged groups in awarding Government service contracts could be further increased. However, the participation by SEs in tenders for Government contracts would have to be subject to the same Government procurement procedures given that the World Trade Organisation Agreement on Government Procurement was applicable to Hong Kong; and

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- (d) private sector support such as advisory and mentorship service could be fostered to help the sustainability of SEs and enhance their competitive edge. The Administration would look into appropriate measures for providing support for SEs, including fostering business facilitation and promoting the SE concept to enhance public understanding and acceptance.

5. Mrs Selina CHOW and Mr James TIEN said that while Members belonging to the Liberal Party did not object to the development of SE as one of the poverty alleviation measures, they expressed concern that SEs might pose unfair competition to the small and medium enterprises, if the operations of SEs were promoted or supported by the Government. Mrs CHOW added that the objectives and scope of business of SEs should be clearly defined in this respect.

6. DD/HA(1) responded that according to overseas experience, there was a wide variation in the scope of SE businesses. The Administration would promote and support SEs which operate in a business mode with a clear social objective in providing assistance to the disadvantaged groups. DD/HA(1) said that while SEs and other business sectors might compete in the open market, some SEs had identified business opportunities which had not been tapped by other business sectors.

II. Thematic Report : Household Income Distribution in Hong Kong [LC Paper No. CB(2)2385/06-07(03)]

7. With the aid of powerpoint presentation, Assistant Commissioner (Social), Census and Statistics Department (AC(S)/C&SD) briefed members on the findings of the Thematic Report: Household Income Distribution in Hong Kong (the Report). Principal Assistant Secretary for Labour and Welfare (Special Duties) (PAS/LW(SD)) added that the Administration was very concerned about income disparity and its trend, in particular the welfare of low-income workers and the disadvantaged groups. The Labour and Welfare Bureau (LWB) would oversee and monitor poverty alleviation work across the Government, and encourage greater coordination of cross-departmental efforts to tackle poverty.

8. Members noted with concern that the household income disparity was widening as witnessed by an increase in the number of households at both ends of income distribution between the years 1996 and 2006. The continuous rise of Gini coefficients in the past years also reflected a deteriorating trend of disparity in income. Some members expressed dissatisfaction at the Government's attempt to scale down the magnitude of the problem by changing the compilation method of Gini coefficients. These members considered that although the post-tax post-social transfer household income Gini coefficients

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were lower than the value compiled based on original household income, the Gini coefficients computed on such basis remained higher than those of developed economies such as Canada and the United Kingdom in the same period. This indicated that the problem of income disparity in Hong Kong was becoming more serious. They requested the Administration to provide further information on the Gini coefficients in overseas countries to facilitate better understanding of the income distribution in Hong Kong.

9. Government Economist and AC(S)/C&SD made the following response –

- (a) given the significant changes in Hong Kong's social and economic structure in recent years, the study on income distribution had become a complicated issue and would require careful analysis. As a host of socio-economic factors and the income redistribution effects of the Government's taxation policies and social benefits had resulted in a combined effect on household income distribution, the Gini coefficient as a single indicator by itself needed to be interpreted with care; and
- (b) information on Gini coefficients in selected overseas economies had been included in the Report. A comparison of Gini coefficients on an international scale would be subject to considerable limitations owing to differences in data sources, income definitions and compilation methods.

Admin

10. Mr LEE Cheuk-yan requested and the Administration agreed to provide the following statistics after the meeting –

- (a) non-older-person households with monthly household income below \$4,000 in 2006; and
- (b) working persons with monthly income from main employment below \$4,000 in 2006.

(Post-meeting note : The information provided by the Administration was issued to members vide LC Paper No. CB(2)2551/06-07(01).)

11. Members considered that in the light of the widening income gap between the rich and the poor, the Administration should address the problem without further delay. PAS/LWD(SD) stressed that LWB was tasked to oversee and monitor the overall progress of poverty alleviation work, including the implementation of the CoP's recommendations.

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III. Any other business

12. There being no other business, the meeting ended at 6:48 pm.

Council Business Division 2
Legislative Council Secretariat
3 October 2007

**Proceedings of the meeting of the
Subcommittee to Study the Subject of Combating Poverty
on Tuesday, 10 July 2007, at 4:30 pm
in the Chamber of the Legislative Council Building**

Time marker	Speaker(s)	Subject(s)	Action required
<i>Agenda Item I – Development of social enterprise</i>			
000000 - 000659	Chairman	Meeting arrangements	
000700 - 001456	Admin	Briefing by the Administration on its initiatives to further encourage the development of social enterprise (SE) in Hong Kong	
001457 - 002146	Chairman Miss CHAN Yuen-han Admin	<p>The views of Miss CHAN Yuen-han that –</p> <ul style="list-style-type: none"> (a) comprehensive Government support and measures were necessary to facilitate the development of SE; and (b) SEs should not be confined to small-scale pilot projects at the district level, as these projects were far from adequate to provide job opportunities for the unemployed <p>The Administration's response that –</p> <ul style="list-style-type: none"> (a) the Government had made and would make various efforts to promote the SE development; and (b) SE development would require cross-sectoral collaboration and should be carried out in phases 	
002147 - 002715	Ms LI Fung-ying Admin	<p>Ms LI Fung-ying's concern about –</p> <ul style="list-style-type: none"> (a) absence of concrete details and timetable about the Government's initiatives to promote the SE development; and (b) roles to be played by the Government in promoting and supporting SEs <p>The Administration's response that –</p> <ul style="list-style-type: none"> (a) it was mapping out possible way forward for the development of SE after taking into account the views of the relevant stakeholders; (b) a summit on SEs would be organised to examine the various aspects of the development of SE; and (c) consideration would be given to introducing measures to facilitate SEs to bid for Government service contracts 	
002716 - 003224	Dr Fernando CHEUNG Chairman Admin	<p>Dr Fernando CHEUNG's suggestions that –</p> <ul style="list-style-type: none"> (a) the legal framework for the establishment of SEs, including the Co-operative Societies Ordinance and the Companies Ordinance, should be reviewed; and 	

Time marker	Speaker(s)	Subject(s)	Action required
		<p>(b) more weights should be given to SEs when awarding Government service contracts</p> <p>The Administration's advice that –</p> <p>(a) it would study whether amending the Co-operative Societies Ordinance would be the best way forward; and</p> <p>(b) consideration would be given to introducing measures to facilitate SEs to bid for Government service contracts, after taking into account the advice of the Financial Services and the Treasury Bureau</p>	
003225 - 003804	Mr LEUNG Kwok-hung Admin	<p>The views of Mr LEUNG Kwok-hung that –</p> <p>(a) promotion of the SE development should aim at creating job opportunities for the unemployed;</p> <p>(b) the Government should provide land resources for SEs to facilitate their establishment; and</p> <p>(c) preferential treatment should be given to SEs when awarding Government service contracts</p>	
003805 - 004330	Ms Emily LAU Admin	<p>Ms Emily LAU's concern about –</p> <p>(a) the time needed to establish a new legal form of SEs if amendments to the Companies Ordinance were required, as this would be a large-scale and time consuming exercise; and</p> <p>(b) the sustainable development of SE, given its small-scale operations and lack of market niches</p> <p>The Administration's response that –</p> <p>(a) it would take into account the local experience of SE projects and that of overseas countries in order to map out the best way for fostering the SE development; and</p> <p>(b) experience of the Community Investment and Inclusion Fund and the Enhancing Self-Reliance Through District Partnership Programme showed that some SEs had their competitive edge and could be operated on a sustainable basis</p>	
004331 - 005056	Mr LEUNG Yiu-chung Admin	<p>The views of Mr LEUNG Yiu-chung that –</p> <p>(a) promoting SE development might be in conflict with the Government's non-intervention policy; and</p> <p>(b) the sustainability of some SE projects under the Enhancing Self-Reliance Through District Partnership Programme was questionable</p> <p>The Administration's response that –</p> <p>(a) it would endeavour to strike a good balance between creating an enabling environment for the development of</p>	

Time marker	Speaker(s)	Subject(s)	Action required
		<p>SE on the one hand and not posing unfair competition to the business sector on the other;</p> <p>(b) business mentorship service was provided for SEs; and</p> <p>(c) some SE projects had identified untapped business opportunities</p>	
005057 - 005751	Mrs Selina CHOW Admin	<p>The view of Mrs Selina CHOW that the objectives and scope of business of SEs should be defined clearly so that SEs would not pose unfair competition to the small and medium enterprises (SMEs)</p> <p>The Administration's response that the Government would promote and support SEs with clear social objectives of enhancing the employability of the disadvantaged groups</p>	
005752 - 010447	Mr LEE Cheuk-yan Admin	<p>The views of Mr LEE Cheuk-yan that –</p> <p>(a) the social objectives of SEs should be spelt out clearly;</p> <p>(b) Government service contracts should be awarded to SEs employing disabled by restricted tender; and</p> <p>(c) participation of the business sector was crucial to the successful development of SE</p> <p>The Administration's advice that measures, if introduced to facilitate SEs to bid for Government service contracts, should be in conformity with the World Trade Organisation Agreement on Government Procurement</p>	
010448 - 010954	Mr James TIEN Admin	<p>The views of Mr James TIEN that –</p> <p>(a) SEs might pose unfair competition to SMEs if their operations were supported by the Government;</p> <p>(b) NGOs might not possess relevant expertise and experience of running business; and</p> <p>(c) while the business sector could provide mentorship to SEs, they might not be able to offer long-term support</p> <p>The Administration's response that it would take into account the local economic conditions and the stakeholders' views when mapping out strategies to promote the SE development in Hong Kong</p>	
010955 - 011610	Chairman	<p>The views of the Chairman that –</p> <p>(a) SEs should have clear social objectives of providing assistance to the disadvantaged, including the unemployed, middle-aged and low-skilled workers, and the disabled;</p> <p>(b) specific measures to promote SE development should be drawn up given that there were different modes of SE operation; and</p>	

Time marker	Speaker(s)	Subject(s)	Action required
		(c) reference could be made to Taiwan by stipulating that a fixed percentage of Government service contracts should be awarded to SEs	
<i>Agenda Item II – Thematic Report : Household Income Distribution in Hong Kong</i>			
011611 - 013435	Chairman Admin	Briefing by the Administration on the major findings of Thematic Report: Household Income Distribution in Hong Kong (the Report)	
013436 - 014731	Chairman Ms LI Fung-ying Admin Mr LEE Cheuk-yan	<p>Enquires from Ms LI Fung-ying and Mr LEE Cheuk-yan about the breakdown of non-older person households without working members, as such households had increased drastically from 1996 to 2006. Mr LEE Cheuk-yan also expressed concern about the increasing number of households with income below average Comprehensive Social Security Assistance payment</p> <p>The Administration's advice that most of these households comprised one to two members who were retirees and homemakers. Further information requested by Mr LEE Cheuk-yan would be provided after the meeting</p> <p>The Labour and Welfare Bureau (LWB) had taken up the poverty alleviation portfolio in July 2007, and it was actively deliberating measures to address the problem of poverty</p>	Admin (para. 10 of minutes)
014732 - 015538	Ms Emily LAU Admin	<p>Ms Emily LAU's concern/enquiry about –</p> <p>(a) the Government's stance on the widening gap between the rich and the poor, which had been clearly revealed in the Report findings; and</p> <p>(b) the comparison of Gini coefficients in Hong Kong and other developed economies</p> <p>The Administration's response that –</p> <p>(a) the study of income distribution was a highly complex subject which required careful interpretations; and</p> <p>(b) comparison of Gini coefficients of selected economies had been included in the Report, but a comparison of income disparity among different economies might be subject to considerable limitations, such as different comparison methods</p>	
015539 - 020307	Chairman Dr Fernando CHEUNG Admin	<p>The views of Dr Fernando CHEUNG that –</p> <p>(a) despite the per capita post-tax post-social transfer household income Gini coefficient was referred to in the Report, the value of Gini coefficients was still higher than those of overseas countries such as Canada and the United Kingdom; and</p> <p>(b) the post-tax Gini coefficients showed that the taxation system was regressive, which required further study</p> <p>The Administration's response that –</p>	

Time marker	Speaker(s)	Subject(s)	Action required
		<p>(a) different methodologies for compiling Gini coefficients would be subject to debate, as different assumptions would be made in the compilation; and</p> <p>(b) as more than 90% of the salary tax and property tax in Hong Kong were borne by the households at the upper segment of the income distribution, the taxation system was by no means regressive</p>	
020308 - 020754	Mr LEUNG Yiu-chung Admin	<p>The views of Mr LEUNG Yiu-chung that –</p> <p>(a) income disparity between two sexes revealed the severity of the problem of women in poverty; and</p> <p>(b) concrete measures should be introduced to address the problem of structural unemployment</p> <p>The Administration's advice that –</p> <p>(a) income disparity between two sexes was a common phenomenon across countries which was caused by various socio-economic factors; and</p> <p>(b) the emergence of knowledge-based economy had reduced the demand for low-skilled and low-educated workers and measures had been/would be introduced to enhance their skills and employability</p>	
020755 - 021216	Mr LEUNG Kwok-hung Admin	The view of Mr LEUNG Kwok-hung that it was more important for the Government to formulate poverty alleviation measures than studying the reasons attributed to the poverty problem	
021217 - 021516	Miss CHAN Yuen-han Admin	<p>Miss CHAN Yuen-han's concern about –</p> <p>(a) the effectiveness of Gini coefficient as an indicator to measure income distribution in Hong Kong; and</p> <p>(b) measures to be taken to alleviate the difficulties faced by the poor, especially elderly in poverty</p> <p>The Administration's response that –</p> <p>(a) income distribution had become highly complex and the Gini coefficients would require careful interpretation; and</p> <p>(b) LWB was actively deliberating measures to address the problem of poverty</p>	
<i>Agenda Item III – Any other business</i>			
020517 - 020636	Chairman	Concluding remarks	