

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 25 November 2010

**The Council continued to meet at
half-past Two o'clock**

MEMBERS PRESENT:

THE HONOURABLE ALBERT HO CHUN-YAN

IR DR THE HONOURABLE RAYMOND HO CHUNG-TAI, S.B.S., S.B.ST.J.,
J.P.

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE FRED LI WAH-MING, S.B.S., J.P.

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHAN KAM-LAM, S.B.S., J.P.

THE HONOURABLE MRS SOPHIE LEUNG LAU YAU-FUN, G.B.S., J.P.

THE HONOURABLE LEUNG YIU-CHUNG

DR THE HONOURABLE PHILIP WONG YU-HONG, G.B.S.

THE HONOURABLE LAU KONG-WAH, J.P.

THE HONOURABLE MIRIAM LAU KIN-YEE, G.B.S., J.P.
(Presiding as President on 25 November 2010)

THE HONOURABLE EMILY LAU WAI-HING, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE TAM YIU-CHUNG, G.B.S., J.P.

THE HONOURABLE LI FUNG-YING, S.B.S., J.P.

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

THE HONOURABLE FREDERICK FUNG KIN-KEE, S.B.S., J.P.

THE HONOURABLE AUDREY EU YUET-MEE, S.C., J.P.

THE HONOURABLE VINCENT FANG KANG, S.B.S., J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

THE HONOURABLE CHEUNG HOK-MING, G.B.S., J.P.

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

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CHIM PUI-CHUNG

PROF THE HONOURABLE PATRICK LAU SAU-SHING, S.B.S., J.P.

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

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

DR THE HONOURABLE LAM TAI-FAI, B.B.S., J.P.

THE HONOURABLE CHAN HAK-KAN

THE HONOURABLE PAUL CHAN MO-PO, M.H., J.P.

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

THE HONOURABLE IP KWOK-HIM, G.B.S., J.P.

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

THE HONOURABLE ALAN LEONG KAH-KIT, S.C.

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE WONG YUK-MAN

MEMBERS ABSENT:

THE PRESIDENT

THE HONOURABLE JASPER TSANG YOK-SING, G.B.S., J.P.

DR THE HONOURABLE DAVID LI KWOK-PO, G.B.M., G.B.S., J.P.

THE HONOURABLE WONG YUNG-KAN, S.B.S., J.P.

THE HONOURABLE LAU WONG-FAT, G.B.M., G.B.S., J.P.

THE HONOURABLE TIMOTHY FOK TSUN-TING, G.B.S., J.P.

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

THE HONOURABLE ALBERT CHAN WAI-YIP

PUBLIC OFFICER ATTENDING:

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.
SECRETARY FOR LABOUR AND WELFARE

CLERK IN ATTENDANCE:

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MEMBERS' MOTIONS

(THE PRESIDENT'S DEPUTY, MS MIRIAM LAU, took the Chair)

DEPUTY PRESIDENT (in Cantonese): Second Motion: Alleviating the disparity between the rich and the poor.

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

I now call upon Mr Frederick FUNG to speak and move the motion.

ALLEVIATING THE DISPARITY BETWEEN THE RICH AND THE POOR

MR FREDERICK FUNG (in Cantonese): Deputy President, I move that the motion, as printed on the Agenda, be passed.

Deputy President, a rather strong anti-rich and anti-business sentiment has recently emerged in society and it seems that class conflicts and differences have also become more and more evident. People from different walks of life may have different interpretations of the emergence and spread of such sentiment, but I believe that "the tree falls not at the first stroke" and the growth of class conflicts has originated from the widening gap between the rich and the poor as well as unfairness in our social system. We must seriously examine whether something has gone wrong with the economic development model upheld by Hong Kong all along. And, whether the existing mindset of administration of the Government is lame? This added to a closed and laggard political system has resulted in a mixed political and economic body which is neither fish nor fowl and full of loopholes, thereby losing the ability of self-upgrading and progress. Perhaps such structural conflicts are what we should look at seriously and resolve.

Deputy President, in fact, the grievances and conflicts accumulated in society today are closely related to the so-called "big market, small government" concept of administration which the Government has been upholding.

Economic and social policies coming out of this concept were all seriously biased in the past, and most major issues on people's livelihood which should have been improved and adjusted through actions of the Government have tended to be handed over to the market for solutions. All level of people's livelihood issues ranging from transport and housing, to grass-roots employment are solely controlled or even subjected to the mercy of the market, and the Government has virtually not fulfilled any of its due responsibility.

Apart from the survival of the fittest, it can also be said that the rules of the game in the market are to drive away the grassroots ruthlessly, without any care or understanding to speak of. Furthermore, the Government has adopted a *laissez-faire* policy under the influence of mercantilism, thus spoiling the business sector to the extent that the old business mentality of seeking maximum profits and "making as great the profit margin as possible" still prevails. While enterprises rack their brains to squeeze every cent from the people, financial institutions are bent on robbing the public of their life savings on various pretexts. Some big consortiums have even managed to effect cross-sector monopolization by hook or by crook. Under circumstances where the market rules by force, the so-called corporate social responsibility has virtually become non-existent, and sometimes may have even turned into cover for the short-sighted and greedy nature of businessmen.

Deputy President, please tell me how would class grievances and conflicts not be building up against a background of close collaboration between the Government and business sector? How would the disparity between the rich and the poor not become greater and greater? If we still fail to turn around this situation and redress the serious imbalance in our economic structure, ease the sharp distinction between different social classes, it will be difficult to have harmony and stability in society, and the long-term development of society will also be very bleak.

Deputy President, as I would like to give some examples on the close collaboration between the Government and business sector, I would not talk about the Government's refusal to resume the Home Ownership Scheme in detail now because the issue was already discussed many times. By handing over the housing needs of the lower-middle classes to the market on a silver platter, the Government has left the people in today's plight of cramped living conditions and

housing difficulties. As a lot of comments have recently been made in society on the housing problem, I am not going to repeat them here.

Take the employment and labour market as an example, as a result of Hong Kong's economic restructuring over the past years, objectively speaking, local industries are on the road to decline. Conversely, the financial and services industries are developing rapidly thanks to the authorities' selectively tilted policies. The traditional manufacturing sector which provided many job opportunities for the grassroots in the past has moved northwards as factories pursue lower costs. And, the authorities have always lacked foresight and vision by adopting a *laissez-faire* policy and using "free market" as a shield for firmly refusing to invest any resources in promoting value-added industries, innovation and restructuring, as well as ignoring the decline of the manufacturing sector and its impacts on the grassroots.

Since there has been no development of local industries, a large number of elementary posts are eventually lost, thus leaving the financial and services industries in the position of "single-handedly keeping the show going", and thereby leading to the trend of polarization in today's labour market and imbalanced development in the whole employment market. The root cause of the continual poverty of the grassroots can justifiably be said to have been laid down by the existing governance concepts, with the ladder for upward mobility which offers the grassroots an escape from poverty becoming narrower and narrower. The situation of the grassroots, who have lost the opportunity of development, will naturally contrast sharply with that of high-skill workers at the advantageous end.

High-skill workers have continued to improve and upgrade, be it in terms of wages, breaks, development opportunities or living conditions, and their unemployment rate is even less than 2%, almost equivalent to full employment. On the contrary, the unemployment rate of low-skill workers has exceeded the overall unemployment rate for a long time, while their wages and living conditions also lag far behind, or have become increasingly worse. Under our rapid economic growth, the wages of low-income families have even gone from bad to worse in the opposite direction. They are forced to accept inferior work in the free market, hardly eking out a living as their wages have been severely suppressed by unscrupulous employers. In addition, they also have to work days and nights, thus leaving them with no family life. It can be said that these

people have no dignity at all, not to mention the slightest opportunity of upward mobility. With our society in such a predicament, how can the gap between the rich and the poor be narrowed, and how can it not become wider and wider?

Deputy President, it seems that I have just bad-mouthed the business sector, accusing them of many wrongdoings, but I must stress that Hong Kong people have never been anti-business, let alone harbouring any sentiment of hatred. I believe no government in the world is anti-business (with the exception of societies which have embarked on the road to Communism), for society definitely has to rely on the business sector to provide it with job opportunities, enhance efficiency, create wealth and generate tax revenues, but the business sector must be fair and accept reasonable social norms, instead of putting profit before everything else and taking everything for granted, like what they have been doing, thus directly creating social injustices. I believe enterprises must strike a balance between the pursuit of profits and fulfilling social responsibilities. Otherwise, in an ineffective so-called free market or what I call a "bad market", in an environment where exploitation and oppression abound, it will be impossible for society to develop sustainably.

Deputy President, our current economic environment is one that has yet to achieve full recovery. With the introduction of the second round of quantitative easing by the United States, the economic struggle between the West and emerging markets has become more and more acute, tottering between letting go or tightening, and regulating or relaxing. Hong Kong, trapped in the middle of the crevice, is facing a dilemma, and our economic outlook is most uncertain. I have moved the motion debate today precisely in the hope of reminding the community that at a time when our economic conditions are so turbulent and extremely distorted, when the media focus all their attention on the economy and housing prices, our community should not ignore the problem of poverty. While it is true that we have to deal with short-term economic fluctuations, the prevailing social problem of disparity between the rich and poor which has troubled our society for a long time also calls for our serious attention.

In a nutshell, Deputy President, as I have said earlier, the deterioration of the disparity between the rich and the poor has originated from the seriously tilted government policy, under which the dominance of mercantilism and the free

market prevail over everything and the authorities totally ignore the situation in which the grassroots have lagged behind the drastic economic changes. However, the Government has hitherto still stuck to its past trickled-down theory, in the belief that wealth will naturally be trickled down to the grassroots through sustainable economic development, but this is a completely mistaken and flawed statement. We can all gain a clear understanding with just a look at some statistics.

If we divide all Hong Kong households into 10 categories, according to their monthly income, we will find that the median monthly income of the lowest category has dropped from \$2,952 in 1996 to \$2,888 in 2001 and further to \$2,400 in 2006. However, during the period from 1996 to 2006, the Gross Domestic Product (GDP) of Hong Kong has grown by 43%. While the income of people in the lowest category has continued to drop, the overall wealth (GDP) of Hong Kong has increased by nearly 50%. In view of the continual drop in the income of the lowest income household category, may I ask how the problem of poverty can be solved through economic growth? How can we continue to talk about the so-called trickle-down theory?

Hence, I have stressed over the years that the complex problem of disparity between the rich and the poor cannot be solved by means of a single policy measure. As pointed out in the general direction espoused in the motion today, we should start by tackling the root of the problem to change and reform the existing concepts and thinking by reviewing the *laissez-faire* policy and the "big market, small government" principle which was upheld in the past and introducing reasonable regulation and supervision in response to the greedy and reckless actions of the market; properly employ government acts to reverse injustices and deficiencies brought about by the free market, so as to establish a universal development concept which carries the interests of all strata of society; strengthen and expand the role of the Government; improve the economic structure and economic development and growth; and make effective use of the Government's proper role in resource allocation again.

We propose the establishment of a high-level committee to achieve the above goals. The committee should be entrusted with the power of reviewing overall social and economic policies, so as to identify institutions and policies which are the root causes of deterioration of the disparity between the rich and the poor. The committee should be composed of representatives from relevant

Policy Bureaux, departments, members of the community and relevant stakeholders, such that poverty alleviation strategies on different areas, including welfare, labour, education, economic policies, and so on, can be formulated for implementation. While fundamental reforms should be made to the system from the macro perspective and economic structure, clear targets of poverty alleviation should also be set up, and the poverty alleviation work of various Policy Bureaux should also be promoted and co-ordinated.

With these remarks, Deputy President, I beg to move.

Mr Frederick FUNG moved the following motion: (Translation)

"That over the years, the seriously tilted social and economic policies of the Government, coupled with factors such as economic restructuring, have led to the deterioration of the disparity between the rich and the poor, the continuous increase in the poverty population and the gradual intensification of class conflicts in society; in this connection, this Council urges the Government to establish a high-level committee to comprehensively review and study in-depth various aspects ranging from the Government's concepts and principles of governance to the formulation of policies and implementation of measures, to formulate, through public engagement and consultation, comprehensive and sustainable social and economic development strategies that give consideration to all social strata, effectively allocate social resources and narrow the disparity between the rich and the poor, and at the same time implement appropriate poverty alleviation measures, so as to enable all social strata to truly share the fruit of economic success and promote the harmonious development of society."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Frederick FUNG be passed.

DEPUTY PRESIDENT (in Cantonese): Two Members will move amendments to this motion. This Council will proceed to a joint debate on the motion and the two amendments.

I will call upon Mr CHAN Kin-por to speak first, to be followed by Mr WONG Kwok-hing, but no amendments are to be moved at this stage.

MR CHAN KIN-POR (in Cantonese): Deputy President, motions on disparity between the rich and the poor have been debated in the Legislative Council many times and Members have put forward a number of useful proposals. However, though the Hong Kong community has attached great importance to this issue, the problem of disparity between the rich and the poor has still become more and more serious.

The causes of poverty are very complex and cannot be explained merely in a few words. However, I would like to point out that the community has often failed to mention a fundamental issue in its discussions on the problem of poverty in the past, and that is, there is a lack of specific government measures to resolve the unemployment and poverty problems arising from newcomers to Hong Kong, thereby leading to a deterioration of the problem.

The amendment I will move today urges the Government to review and study its population policy from the perspective of the poverty problem. However, I would like to stress that any review and study by the Government should not affect the major principle of family reunion, for this is a basic human right which deserves recognition and respect. At the same time, I would also like to stress that the immigration policy is only one of the root causes of the poverty problem and my following analysis is made with a view to exploring the causes and finding solutions to the problem.

According to the figures provided by the Immigration Department (ImmD), during the period from 2000 to the first six months of 2010, and that is, within a span of about 10 years, the number of people who came to Hong Kong on One-way Exit Permit (OWP) has amounted to over 500 000, which is equivalent to 7% of the existing 7 million population of Hong Kong, meaning that for every 100 Hong Kong people, there are seven who came to Hong Kong on OWP within the past 10 years. The figures of the ImmD also showed that 72% of these people, and that is, about 360 000, are 15 years old or above, with their median age being 27 to 30. Take the figures of the latest quarter of this year, and that is, the second quarter, as an example, 8 599 people out of the 10 698 who came to Hong Kong on OWP, and that is, 80% are 15 years old or above.

In regard to such figures, I would like to raise two issues which warrant our concern. The first of them is the education standard of these people, and the second is their work experience on the Mainland.

Of the 300 000-odd people aged 15 or above who came to Hong Kong on OWP, I found that 90% have an education level at secondary or below, including about 70%, and that is, about 250 000 people with a secondary level of education; 20%, and that is, about 65 000 people, have only got a primary school level of education.

Secondly, I would like to make an analysis on their work experience on the Mainland. Nearly half of the people who came to Hong Kong on OWP, and that is, about 176 000 people only had experience in doing housework on the Mainland.

From the above figures, we can see that about 70% of the people are over the age of 15 when they came to Hong Kong, with an average age of 27 to 30, and a general education level of secondary school and many of them only had experience of doing housework in the past. As Hong Kong has already entered a stage of knowledge-based economy, it is hard to believe that these people would be able to find high-salary jobs with their qualifications.

In fact, according to the findings of a study on people who came to Hong Kong on OWP conducted by the Home Affairs Department, on average, 50% of the interviewees who came to Hong Kong on OWP indicated that they have encountered adaptation difficulties in their work and required the assistance of others.

The study also found that the main source of income for over 80% of the interviewees is wages, but at the same time showed that their median family income only ranges from \$6,500 to \$7,700 on average. From these figures, we can see that the Government definitely needs to conduct an in-depth study on the unemployment and low-income problems brought about by its population policy.

The community has always evaded this problem in the past, and I believe it is due to the fact that it was worried that discussions on the problem of new arrivals to Hong Kong would touch upon the question of family reunion or even

discrimination. Therefore, in general, the community does not wish to consider the population policy together with the problem of poverty. I believe family union is a basic human right that should not be affected in any way, but it does not mean that the Government can do nothing. At the same time, the attitude of "trimming the toes to fit the shoes" is not helpful at all to solving the problem, but will, on the contrary, aggravate the problem day by day.

I think that if the Government can recognize and seriously look into the cause of the problem, then at least it can do a proper job of making plans and assessments, such as collecting information on people waiting to come to Hong Kong in advance, and then do a proper job of planning and preparation.

I would like to cite a simple example. Tin Shui Wai is known as the city of sadness, where poverty has given rise to many different social problems. One of the major reasons for this is that most of the new arrivals to Hong Kong and Comprehensive Social Security Assistance (CSSA) recipient families are living in Tin Shui Wai. The Government has failed to address this issue at an early date and do a good job of providing social support. There are insufficient elementary posts in the district, residents can hardly work outside the district, and community support is also seriously lacking. Being poor and helpless, the whole Tin Shui Wai community is filled with negative emotions.

The Government only learnt its lesson and addressed the problem by introducing a number of employment and community support facilities for local residents, such as the Transport Subsidy Scheme, and established a one-stop employment and training centre and telephone betting centre in Tin Shui Wai in co-operation with the Hong Kong Jockey Club, after the occurrence of various tragic incidents in Tin Shui Wai. All these community support facilities are instrumental in helping local residents to find more jobs. Furthermore, some resident groups have also proposed that the Government should, pinpointing the local conditions, develop the local community economy, in order to create more employment opportunities for the community. I believe that, to a certain extent, the problem of poverty and social problems derived from poverty can be effectively alleviated, once the relevant proposals are implemented one by one.

In fact, had the Government anticipated the problem beforehand faced squarely up to the poverty problem arising from new arrivals to Hong Kong, and

made proper preparations before the large number of new arrivals moved to Tin Shui Wai, it might have avoided the fate of becoming a city of sadness. I hope to illustrate through this sad example, that the Government should deal with the problem seriously in face of the relevant situations. In fact, there are many things which the Government can do, but as to what should actually be done, it would certainly depend on the outcome of the discussions and studies by the Government and the community.

Furthermore, the original motion proposes that a high-level committee be established for the sole purpose of co-ordinating the work of conducting studies and formulating strategies in relation to the poverty problem. While I endorse the relevant proposal, I do not think that the re-establishment of the Commission on Poverty (CoP) alone could resolve the problem. The new high-level committee should possess the functions of both the CoP and Committee on Economic Challenges; otherwise, even the establishment of a higher-level committee will be useless, unable to solve the fundamental problem.

In the past, though the CoP had focused on finding ways to prevent and alleviate the problem of poverty, it failed to deal with poverty brought about by problems with the economic structure. Thus, the new high-level committee should be given the functions of promoting economic development and creating job opportunities, before it could make high-level recommendations to the Government in relation to economic development issues. For example, when the Government proposed to develop the six priority industries, the committee could make proposals on creating more jobs that suit the needs, and this is the best way to address the root causes of the problem.

I so submit.

MR WONG KWOK-HING (in Cantonese): Deputy President, I have proposed an amendment in regard to today's motion debate on "Alleviating the disparity between the rich and the poor". I have specifically pointed out in the amendment that the Government has placed too much emphasis on and has been over-relying on the development of the real estate and financial industries for a long time, while ignoring the development of other industries, and the Government as a whole has not promoted any economic development strategy

which is employment-oriented. As Hong Kong moves rapidly towards the development of knowledge-based economy, the absence of adjustments to the economic development strategy has led to Hong Kong's failure to create appropriate jobs for the grassroots and low-skill workers in the course of economic restructuring. On the other hand, the lower classes also failed to receive appropriate and reasonable care due to uneven distribution of social resources, thus also further aggravating the disparity between the rich and poor. Moreover, the deep-rooted problem of the disparity between the rich and the poor has plagued Hong Kong for many years, but the Government has never taken it seriously, and even the CoP which was tasked to study how the problem of poverty in Hong Kong should be dealt with in past years has been dissolved. As such, I have urged the Government to address the issue, to formulate poverty alleviation measures and set targets on eradicating poverty in my amendment. In the following, I would make proposals on three aspects, namely, the development of diversified industries, allocation of social resources and setting targets on eradicating poverty.

Deputy President, I have brought along the "Comprehensive proposal on employment-oriented economic development strategy" (the proposal) which the Federation of Trade Unions (FTU) issued late last year. The proposal has been submitted to the Government, but I do not know whether the Secretary has read it or not. If not, I will give him another copy later on. The proposal urged the Government to formulate an employment-oriented economic development strategy.

Deputy President, this is the third time the FTU has submitted findings on this area over the past 11 years. Eleven years ago, back in 1999, we submitted a report on "Theories and proposals on the implementation of an employment-oriented economic development strategy in Hong Kong" to the SAR Government. We submitted the "Specific policy proposals on an employment-oriented economic development strategy" to the SAR Government again eight years ago in 2002. This is already our third report. Over the past 11 years, we have submitted three research reports, but unfortunately, the Government is hitherto still just listening.

Deputy President, the FTU pointed out in our proposal of last year that over the past 10 years, the economic growth of Hong Kong has been committed to a knowledge-based development pattern and economic restructuring has become

the key concern to the SAR Government and various relevant industries. Under such an economic pattern, the development of knowledge-based economy is an irreversible trend. In this connection, the FTU has conducted serious researches and studies, to look into the impacts of a knowledge-based economy on employment, and our findings showed that it is difficult for the knowledge-based economy to enable Hong Kong to achieve higher employment rates, and will also eventually result in structural employment which will plague Hong Kong society for a long time. Take the financial industry of the four major local economic pillars as an example, the output of the financial sector accounted for 10.3% of the total Gross Domestic Product (GDP) and created 170 600 employment opportunities in 1997, and while the proportion of the financial sector output rose to accounting for 19.5% of the total GDP in 2007, it only created 192 700 job opportunities, which only accounted for 5.5% of the total working population. Moreover, many of the job opportunities in the four major economic pillars are professional or semi-professional, and as a matter of fact, the job opportunities which they can create for the grassroots are mostly of a service or retailing nature, or even only positions like cleaners and security guards. Information provided by the Census and Statistics Department indicated that during the 10 years from 1999 to 2009, the average income of security guards dropped from \$7,284 to about \$7,000, while the wages of waiters even dropped from \$9,028 to \$8,036 during the same period. It can be seen that the real wages of employees have continued to drop. As the income of grass-roots workers continue to drop, the poverty population will naturally grow bigger and bigger, so how can there not be disparity between the rich and the poor?

As such, the proposal of the FTU urged the Government to adopt an employment-oriented economic development strategy, and specifically proposed that the Government should actively develop the logistics, tourism, environmental protection, and community, social and individual service industries. We hope that the Government can on the one hand, vigorously promote high value-added third-party logistics services in order to assume the role of a regional logistics hub, develop industries like healthcare, tourism, export of educational services, and so on. On the other hand, it can also comprehensively promote labour-intensive industries, including actively developing hotels, hostels and regional aviation, so as to establish the role of Hong Kong as the first stop for foreign tourists entering the Mainland and mainlanders leaving China respectively; extensively implement waste material recycling; and promote the green recycling industry. The purpose of developing the high value-added

logistics industry and community, social and individual service industries is to increase the income of our quality working population, so as to guarantee a certain amount of tax revenue for the SAR Government, whereas labour-intensive industries such as tourism and environmental protection can create a large number of employment opportunities suitable for low-skill workers. Meanwhile, the high-income population can support the local catering, retailing and transportation industries through consumption, and will also form an impetus for this. The SAR Government can reasonably allocate its tax revenue from high-value added industries to help labour-intensive industries like the environmental protection industry, so as to achieve the goal of high employment in tandem with economic development.

Deputy President, as regards the development of diversified industries, I have also actively advocated the development of local small-capital economies. For example, in regard to the trade of frozen confectionery, which is commonly known as "ice-cream boy", there is finally a breakthrough after this fight by me for many years, for the Government has agreed to reissue licences to let those who are interested to join the trade and make a living out of the licence to support their families. However, should the Government not take another major step to consider reissuing an appropriate number of hawker licences? Deputy President, the animated "Along the River During the Qinming Festival Scroll" was recently exhibited at the AsiaWorld-Expo and we saw that hawkers were part of the prosperous downtown scene of the Northern Sung Dynasty. So, why should Hong Kong, an international city of today, drive away all hawkers? In fact, the hawking trade can help local unemployed people by enabling them to at least earn a living, and the trade is also conducive to social prosperity. Why should Hong Kong of today be inferior to the Northern Sung Dynasty in this respect? I hope that the Secretary can ponder over this. And, for example, originally, there were many public malls and housing estate markets in Hong Kong where small businesses can operate, but our Government has handed over the opportunities, which allow small businesses a chance of survival to, The Link REIT. Should such wrongdoings be worth some soul-searching by the Government? Since the Member who has proposed an amendment has earlier quoted the example of districts like Tin Shui Wai, I will not repeat it here.

Deputy President, in regard to the allocation of social resources, as the main responsibility of the Government in future is to allocate resources to needy socially disadvantaged groups through taxation, the FTU has always proposed

that the Government should reform its tax system, so that taxes could be collected under a vertical equity principle, under which those who can afford pays more. Similarly, the Government should also allocate more resources to help the most needy social groups.

In regard to targets on eradicating poverty, according to poverty data provided by the Hong Kong Council of Social Service for the first half of 2010, there are 470 000 poor households in Hong Kong, with the total number of people having increased to a record high of 1.26 million, hitting a new high both in terms of the number of poor people and poverty rate. Compared to that of 2009, the number of poor people has increased by 60 000 within the short span of half a year. In the poverty figures, the number of elderly in poverty alone stands at more than 30%, being 33.9%. In addition, the problem of middle-aged and young people in poverty is also equally serious. Due to the time constraints, I cannot elaborate on each of the figures, but I hope the Government can really heed our views. Thank you, Deputy President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, first of all, I would like to thank Mr Frederick FUNG for moving the motion debate on "Alleviating the disparity between the rich and the poor" and Mr CHAN Kin-por and Mr WONG Kwok-hing for proposing amendments to the motion.

Like all Members, the Government is very concerned and cares very much about the poverty problem in Hong Kong. In fact, the problem of disparity between the rich and the poor is a difficult problem which many advanced countries and economies have to face. The SAR Government has all along been dealing with this problem with a pragmatic attitude and we have never evaded, I have to stress, we have never evaded the issue.

Hong Kong is an open economy, which has a convergence of mature, diversified and internationalized service industry activities and as we have employed workers and professionals with a wide range of skills and different skill levels, there will certainly be wider gaps in their income levels.

With our development towards a knowledge-based economy, the demand for high-qualification and high-skill professional and management personnel will

naturally be on the rise, thus leading to the creation of more high-salary posts and further widening the income gap between different classes of workers. However, this is a common phenomenon in the process of moving towards a high-value added and knowledge-based economy, and as I have mentioned earlier, it is also the reason why many major economies face the same problem. Furthermore, it is also a result of special developments in Hong Kong, namely, changes in our social structure, such as our continually ageing population. At present, there is one person aged 65 or above in every eight persons, and in 20 years' time, this ratio will increase to one in every four persons. Moreover, there is a tendency for small family households to form, thus also leading to an increasing number of households with lower incomes.

However, the concern of the Government is not only the problem of disparity in incomes, but more importantly, the actual needs of the grassroots and the socially disadvantaged. There is a sound social security net in Hong Kong to help those who are in need to meet basic living expenses and needs. The Government has also offered various free and heavily subsidized services in the four major areas of housing, education and healthcare for the benefit of the socially disadvantaged and low-income groups. Furthermore, we have also focused on the needs of specific groups, including new arrivals to Hong Kong whom Mr CHAN Kin-por mentioned earlier, children, youth and the unemployed, and provided them with appropriate services and support.

Deputy President, I so submit. I would respond in greater detail after listening to all the views of Members. Thank you.

MR RONNY TONG (in Cantonese): Deputy President, this is the third time over recent weeks that we are discussing the problem of poverty. Many Members have racked their brains in coming up with a wide variety of measures, in the hope that the Secretary and the Government would work harder in addressing the problem of poverty. Deputy President, what we are facing are not some novel ideas, but a rather fundamental problem. Have we all become indifferent towards this problem? Is the Legislative Council really a "talk show"? Is it true that we can do nothing apart from coming here to hold debates or criticizing the Government at the panels every day?

Deputy President, please do not say that I am too pessimistic for there are many phenomena in society showing that we are becoming more and more unfeeling towards the problem of poverty. Deputy President, the Audit Commission submitted its latest report to this Council the other day, and today, we can note from reports in the major newspapers that many Direct Subsidy Scheme (DSS) schools, prestigious schools or even schools from which many Honourable colleagues have graduated have ignored the problem of poverty. Funds are originally reserved in these schools for poor students, but to our surprise, the school sponsoring bodies have failed to inform students and parents that they can actually apply for bursaries. Apart from depositing the reserved funds into their bank accounts on the one hand, the school authorities also increased their school fees every year on the other. If even school sponsoring bodies have become indifferent towards the problem of poverty, what hope will there remain in this society?

In fact, it seems that we have already exhausted all our arguments in discussing the problem of poverty with the Government. Deputy President, my assistant has written a script for me, but the content seems very familiar for I have already spoken on the same content. I have served as a Member for many years — actually not that many, but I have a feeling that it has been many years — and I have talked about the same matters every year. Is the Secretary not aware of all this? The answer is no. Perhaps the Secretary is able to recite every word of our speeches backwards, but while he accepted our comments, his attitude has remained the same. I cannot see that the Government has any measure for improvement. Deputy President, I reminded the Chief Executive before he delivered his Policy Address that there were many data indicating that there was a lack of social mobility in Hong Kong. The University of Hong Kong has also conducted a public opinion poll recently, and on that day, I really hoped to get the Chief Executive to look at the findings of the opinion poll, but his response was : "No, Ronny, there is no such problem in Hong Kong, and even if the polls showed that we not only have stagnant social mobility, but that there were also signs of decline, it is only a so-called 'snap shot'." Deputy President, I do not know what is "snap shot" in Chinese, but I think he was referring to a brief moment caught by a shot. How are we going to explain the facts when we see data reflecting that the disparity between the rich and the poor, the number of poor households and the number of working poor have all been growing every year like our age? Despite how many Asian Games are organized, how many

"WKCDs" are built, it cannot cover up the fact that our society is indifferent towards the problem of poverty. And there is no gainsaying it that though we are sitting on billions of reserves, we are an extremely "poor" society in terms of caring for others. Poverty does not necessarily mean poverty in the monetary sense, but our society is poor and our conscience is also poor in terms of caring for other people.

Deputy President, was the Chief Executive unaware of the problem when he compiled this year's Policy Address? No. I believe that every one of us here would have raised the problem of poverty with the Chief Executive whenever they met him, but what proposals were put forward in the Policy Address? The answer is the Community Care Fund (CCF). Even if the CCF is a solution to improve the situation of poverty, let alone that it is not a panacea, it is only a "snap shot", borrowing the Chief Executive's rhetoric. The Government is only dishing out candies to the people one-off, and the CCF is virtually of no help to improving structural defects. Deputy President, apart from the CCF, there are actually also countless funds in Hong Kong. Several days ago, we were still discussing the "Mega Events Fund", so just how many of these funds are there in Hong Kong? Here, I have got some data, for example, there is the Community Investment Inclusion Fund (CIIF). Since it is an "investment inclusion" fund, the purpose of the CIIF is certainly to help poor people. Back in 2002 when the CIIF was established, the Government hoped that there would be 400 applications each year, so there should have been 3 600 applications today after nine years, but so far it has only received 943 applications.

Deputy President, everyone said that the business sector will make contributions to the CCF, and I certainly agree that \$5 billion is a huge sum, and we are very grateful. Apart from Mr Jeffrey LAM, not many Members from the business sector are present in the Chamber today. If the business organizations say that they will not contribute to other charitable organizations because they have already contributed to the CCF, then it will do more harm than good to society. And, what is the composition of the Community Care Fund Steering Committee? Deputy President, many members of the social welfare sector have joined the said Steering Committee at the invitation of the Government. These people certainly have a most profound understanding of the problem of poverty since they have a close relationship with social welfare agencies, but I do not

wish to find people thinking that all funds of the CCF will eventually be allocated to such social welfare agencies because of the relationship of the members with those agencies. How much of the contributions to the Fund will fall into the hands of needy people? Deputy President, I really do not know. Furthermore, the Government pointed out that as it is necessary to sustain the use of funds in the CCF, it is necessary to make investments using the funds. This explains why the CCF will not be of much help to solving the existing problem of poverty faced by us now. Deputy President, I really think that we do not need to discuss this issue in more detail. We only need the Government (*The buzzer sounded*)
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DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR RONNY TONG (in Cantonese): to overcome its insensitivity.

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR CHAN KAM-LAM (in Cantonese): Deputy President, the problem of disparity between the rich and the poor is of great concern to society. Sometime ago, the Chief Executive proposed to set up a Community Care Fund in the Policy Address. Subsequently, two relevant motions were proposed in the Legislative Council within the short span of a month, demonstrating that the Administration must face up to the problem and proactively find ways to resolve it.

The report published by the United Nations last October pointed out that with the Gini Coefficient reaching 0.434, higher than that of 0.408 of the United States, Hong Kong has become the advanced economy with the greatest wealth gap in the world. Compared to other developing countries, Hong Kong still ranked 18th.

There have been fluctuations in the Hong Kong economy over the past decade. But in general, there has been growth. In comparing the data of 2001 to that of 2009, we have found that the average per capita GDP of Hong Kong has

risen from \$193,500 to \$233,060, representing a rise of over 20%. But the median household income in Hong Kong during the same period has only risen by 2.94%. This indicates that the economy of Hong Kong has been growing, but members of the public in Hong Kong, particularly the grassroots, have neither benefited from the economic growth nor shared the fruits of economic development in Hong Kong. Over the last decade, while there has not been any improvement in the livelihood of the people, the quality of life of some of them has even declined.

This fact demonstrates that one of the key factors contributing to the problem of disparity between the rich and the poor in Hong Kong is the restructuring of Hong Kong economy and its production structure. In the past, the development of Hong Kong relied mainly on the labour-intensive industries. Even housewives who were illiterate and without skill could rely on their own hands to make a living or help the family make ends meet. However, with the passage of time, the situation has changed. Factories have been relocated northwards across the border. The 21st Century is characterized by a knowledge-based economy and a society dominated by information technology where the trend of all industries and sectors is development towards professionalism. It is no longer possible to rely on their hands to make a living. Even security guards and cleaning workers have to receive training. The nursing staff of residential care homes for the aged has to undergo nursing training as well.

This implies that a group of workers with a low level of education and skill will be gradually eliminated, while an increasing number of people will join the disadvantaged groups of society and enter the safety net of social welfare. If this is allowed to go on, society will be carrying a heavier burden in the days to come.

The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) holds that poverty alleviation initiatives should not focus on how to distribute money only; instead, it should focus on studying how to help the workforce find jobs. Thus, it is imperative for the Government to develop diversified industries on a long-term basis. On the one hand, it will resolve the employment problem of new members of the workforce, and on the other, it will enhance the overall quality of our population. Last year, the Government put forward the proposal of developing the six industries that enjoy clear advantages, thereby laying a foundation for the long-term economic development of Hong

Kong in the future. The direction of the policy is correct and is supported by the DAB. Once the six priority industries are developed, it will be able to provide more employment opportunities in the future and absorb more members of the workforce. Currently, many young people are facing difficulties in finding employment. This is particularly so with the financial industry and the popular industries with pooled capital. With the competition brought about by the globalization of world economy, manpower has become relatively saturated in these industries. Developing the six priority industries will provide a new direction of career development to young people, thereby alleviating the pressure exerted on the labour market by new members of the workforce.

Unfortunately, the Government has only designated the land use of a few sites for the development of education services and medical services over the past two years. Apart from that, we have only heard about other initiatives without really seeing them. We hold that the Administration should proactively promote the development of the six priority industries at full speed, and launch the preparatory and planning work to meet the demand for talents from the industries, such as allocating funds for the provision of more avenues to continuing education, thus attracting more talents, especially young people, to join the six priority industries.

Apart from developing the six priority industries with clear advantages, the DAB believes that developing social enterprises will be an effective measure to alleviate poverty in the long run. This kind of enterprises will be able to create employment opportunities for the socially disadvantaged and help them to become self-reliant.

Many overseas places have already been proactively developing social enterprises. Relatively speaking, the development of social enterprises in Hong Kong is still at the budding stage. Even though the Government has indicated that various government departments have already made arrangements for priority bidding by social enterprises since 2008, the scale of the development of social enterprises is still quite small. There are under 2 000 people engaging in the businesses of social enterprises annually in Hong Kong.

Furthermore, the capital grant provided by the Government to social enterprises is subject to a tenure of two to three year. We think that it is necessary for the Government to conduct a comprehensive review of social enterprises, map out a development blueprint, formulate support measures on all

fronts, and offer incentives, as a matter of policy, with a view to promoting the development of social enterprises, so that there will be further diversification of Hong Kong economy.

Deputy President, the Hong Kong Government is now hoarding \$2,200 billion in the Exchange Fund and fiscal reserve. It can totally afford to provide appropriate poverty alleviation measures to the lower classes, and effectively distribute the existing social resources. Hence, the DAB supports today's motion and all the amendments. Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, since the start of this Session, from the Policy Address up till now, the focus of discussions of the Legislative Council has been confined to the disparity between the rich and the poor and class conflicts. The proposal put forward today that urges the Government to establish a high-level committee to narrow the wealth gap was also mentioned by me in recent discussions. I have also asked the Government to set up the Commission on Poverty (CoP) with a view to tackling the problem of wealth gap in an integrated manner.

With respect to re-establishing the CoP, I think it is necessary for me to state my stance. Deputy President, I was a member of the former CoP, which was dissolved after it had completed the Report of the Commission on Poverty in mid-2007. By the end of 2008, when this Council was holding a motion debate on "Alleviating the disparity between the rich and the poor and assisting the grassroots in facing up to economic adversities", the original motion urged the Government "to re-establish the Commission on Poverty to explore and recommend focused measures to assist the grassroots in facing up to economic adversities". Deputy President, at that time I put forward an amendment which deleted the proposal of re-establishing the CoP; instead, I urged the Government to "allocate additional resources to expedite the implementation of the recommendations in the Report of the Commission on Poverty". From objecting to the re-establishment of the CoP in 2008 to advocating the re-establishment of the CoP now, this change does not originate from my view on poverty alleviation. It is the developments in the society that attribute to my view that deems it necessary to re-establish the CoP.

The changes in the society include the deterioration of social conflicts arising from the disparity between the rich and the poor, the emergence of class

conflicts and intense hatred of the community towards the rich. Moreover, in the wake of the intensification of social conflicts, the property tycoons are willing to allocate some of the resources from their astronomical profits to ameliorate the intense anti-rich sentiment. Furthermore, the Chief Executive has proposed in the Policy Address to set up a Community Care Fund (CCF) in collaboration with the business sector, with a view to helping the socially disadvantaged groups at the CSSA level. Although the Chief Executive believes that this is a new idea, I feel that it is dancing to the tune of the tycoons. Deputy President, I must declare that I have been appointed by the Government to be a member of the CCF. I can only say that my knowledge is inferior to Prof Nelson CHOW Wing-sun; but like Prof CHOW, I have great reservation about the CCF. Similarly, I accepted the invitation of the Government only after further consideration.

Deputy President, when I spoke on the Policy Address, I had expressed my worry for the CCF more than once. I am not going to repeat it here. However, in my speech, I already proposed re-establishing the CoP, which should be responsible for re-launching the work of poverty alleviation and managing funding allocation under the CCF. On the day when the members of the Steering Committee on the Community Care Fund (the Committee) were announced, Chief Secretary for Administration Henry TANG, who is also the Chairman of the Committee, expressed his views on the CCF. He said, "One of the major responsibilities of the Committee is to carry out an evidence-based, systematic, and scientific analysis that targets the programmes of assistance under the Fund, so as to evaluate the effectiveness of the programmes, and come up with recommendations on which programmes should be included in the regular social security system funded by the Government."

Deputy President, this is the positioning of the CCF as identified by the Chief Secretary. It gives me the feeling that this was exactly the work of the CoP in the past. In the Executive Summary of the Report of the Commission on Poverty, the recommendations on future work listed under the Work of the Commission include to "conduct evaluative studies on poverty alleviation measures" and "facilitate the collection of data and statistics to enhance poverty researches and analysis systematically". The concrete outcome of the work of the CoP was to make specific recommendations on the work of poverty

alleviation to the Government. The Transport Subsidy Scheme discussed earlier by the Panel on Manpower of this Council was the recommendation proposed by the CoP back then.

Thus, it can be said that the remarks of the Chief Secretary have reinforced my wish to re-establish the CoP with a view to tackling all issues related to social poverty in an integrated manner. Even if the CCF may have to play the role of the CoP in the future, but when it is given such a soft and fluffy name, I cannot help but think of the Chapter of Zi Lu in the Analects of Confucius when Confucius gave Zi Lu a lecture. Confucius said, "When a name is not given correctly, what is said is not accepted; when what is said is not accepted, matters are not accomplished". We all hope that the work of poverty alleviation will be accomplished.

Thank you, Deputy President.

MR WONG KWOK-KIN (in Cantonese): There have been many discussions on the problem of disparity between the rich and the poor in society in recent years. I believe the Secretary is so well versed in the subject that he can reply without reference to any information or materials.

Deputy President, according to the latest list of the World's Billionaires published by the financial magazine *Forbes* this year, 25 persons from Hong Kong can be found on the list. Despite the fact that Hong Kong is such a small place, it has actually produced 25 of the richest billionaires. On the surface, this is very glamorous. However, let us take a look at another figure instead. The Gini Coefficient of Hong Kong stood at 0.476 in 1991. In 2001, it had drastically risen to 0.525. In 2006, it had reached a historic high of 0.533. This reflects that the disparity between the rich and the poor in Hong Kong is becoming increasingly serious.

There is wealth in Hong Kong, but it is concentrated in a handful of people. As a developed city, the Gini Coefficient of Hong Kong is actually as high as 0.533, which makes Hong Kong the city with the most serious problem of disparity between the rich and the poor in the entire region of Asia. When we look at this figure, will we still feel happy with the number of tycoons of Hong Kong being ranked in the rich list of the world?

I would like to point out that currently three phenomena of poverty can be found in Hong Kong. First of all, there is the phenomenon of in-work poverty. The wage earners in Hong Kong are currently facing numerous problems. With fragmentation of jobs being the major trend, even if they have a stable and permanent job, they have to endure long working hours, heavy workload, and low income. People often say that the income of permanent workers is relatively stable. It is true that the income is stable, but it remains stable at a low level.

According to a report of Oxfam Hong Kong entitled *Employment and Poverty in Hong Kong Families*, in the second quarter of 2010, among the employed households, 10.2% could be categorized as households of employed poor. That is, among these households, at least one employed member had a monthly income less than half the monthly median income of families of comparable size in Hong Kong. In other words, one out of every 10 employed households in Hong Kong was a household of employed poor. The report also points out that within the five years from 2005 to 2010, the number of households of employed poor had increased incessantly. Furthermore, the income of the poorest families had not recorded any growth in these five years and had remained at the same level as in 2005.

Moreover, according to the data of the Census and Statistics Department, at the time of reunification in 1997, the number of wage earners with a monthly income of \$5,000 or below stood at 178 900. However, the number had increased to 215 400 in the third quarter of 2010. And among these wage earners, 101 000 of them had a monthly income of less than \$3,000. Although the Government has introduced a number of measures such as providing Comprehensive Social Security Assistance (CSSA) for people of low-earnings category, implementing the Transport Subsidy Scheme, as well as setting up food banks, in the hope of improving the situation of in-work poverty, unfortunately the outcome is not encouraging. Even with the implementation of a minimum wage in May next year, the situation of the employed poor in Hong Kong may not necessarily be greatly improved.

At the time when the Council was legislating for a minimum wage, we in the Hong Kong Federation of Trade Unions had put forward an amendment, proposing that in determining the level of minimum wage, the following points must be considered: first, it must not be lower than the CSSA level; second, it

must be enough to afford the employees' personal and their families' necessary living expenses. It is a pity that ultimately the amendment was not passed. We demand that after the implementation of the minimum wage, a review should be conducted as soon as possible, with a view to genuinely ameliorating the problem of in-work poverty.

I would like to talk about the second phenomenon of poverty, that is, the elderly in poverty. On the surface, Hong Kong appears to be an affluent society, but in fact, many elders are relying on CSSA, "fruit grant", and even collecting cardboard boxes for a living. As a matter of fact, insofar as various categories of CSSA cases are concerned, the largest number of cases has all along been CSSA for the elderly, accounting for more than 50% of the total number of cases over the past decade. Take 2009 as an example, the number of cases of CSSA for the elderly stood at 153 448, accounting for 53.1% of all categories.

In the absence of a comprehensive retirement protection system in Hong Kong, it can be envisaged that the situation of elderly in poverty will only continue to deteriorate in tandem with the ageing population. Secretary Matthew CHEUNG always says that we can rely on three pillars in our retirement life. However, we think that there is only one "walking stick infested by bugs". According to Secretary Matthew CHEUNG, we can rely on our own savings, the Mandatory Provident Fund (MPF) scheme, and CSSA. With respect to savings, the current income of our workers is at a very low level. They consider themselves lucky if they are able to make ends meet. How is it possible for them to have savings or save up money for use after their retirement?

Furthermore, regarding the MPF, under the situation when income remains at such a low level, it is inevitable that the MPF contribution is also at a low level. So how can it sustain their post-retirement life? Thus, in the end, they will probably have to rely on CSSA.

Finally, I would like to talk about inter-generational poverty. Talking about inter-generational poverty, the principal problem in Hong Kong relates to the prospects for young people. Since our industries fail to offer a way out for our young people, many of them are unable to get rid of poverty through education, causing social mobility to come to a standstill. We hope that the

Government can pay attention to issues in this area and create more prospects and employment opportunities for young people.

Deputy President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I would like to make use of the opportunity today to thank the Secretary again for attending the banquet to celebrate the 25th anniversary of the establishment of the Neighbourhood and Workers Service Centre last month. A number of women presented a huge drawing to the Secretary that night. The drawing featured a big fruit basket full of things, among which were the problem of in-work poverty; the failure of women on the strength of Two-way Permit or One-way Permit to become recipients of CSSA, and their need to rely on one CSSA payment to support two or three persons; the issue of women who have been housewives all their lives with no contributions to the MPF, and their lack of retirement protection when they are old; and the problem of elders who rely on "fruit grant" or CSSA for a living because of their age having their applications rejected on the ground that they have chosen to retire in their hometowns. The group of women had presented this basket of problems to the Secretary, who was kind enough to respond to those questions on the night of the banquet. Thus, I would like to thank the Secretary for that.

I share the remarks made by the Secretary just now. He said that the Government and the Secretary were very much concerned about the problems of poverty and wealth gap. So he has never tried to evade these issues. On the night when the women presented the drawing to the Secretary, he had also not evaded it but simply took the drawing. However, there is a problem here. Not evading an issue is not equivalent to resolving the issue directly. This is where the problem lies. Why do we have to persistently repeat the discussion on wealth gap and the problem of poverty even today? This is because very often even if the Government has to face up to a problem, it only adopts a piecemeal approach without formulating a long-term solution and strategy to resolve it.

In proposing this motion debate today, Mr Frederick FUNG is urging the Government to take a more in-depth approach in tackling problems and

formulating policies, and to conduct detailed and comprehensive reviews in this process. We hope the Government will not adopt the existing piecemeal approach or take stop-gap measures in tackling problems. We hope the Government will draw up more in-depth policies on a long-term basis in resolving problems. I hope the Government will revise its strategy and attitude. If a long-term solution is absent in solving the problem, the Government will have to face a group of people in poverty on a permanent basis, and they will certainly continue to put forward all kinds of demands. To resolve the problem, the Government should resolve it once and for all, instead of resolving it on the surface only.

The Secretary also raised several questions just now. He has a certain understanding, too. For instance, why are some members of the public living in poverty? Probably it is due to the current lack of highly paid posts. However, the existing problem lies in the fact that the Government has only raised this social phenomenon without explaining or addressing the problem of the absence of highly paid posts in Hong Kong. Deputy President, I believe we all understand that outsourcing is one of the reasons attributing to the failure to provide more highly paid posts. This has been discussed in the Chamber many times. Outsourcing is a problem. At present, there are still many outsourced jobs in the Government. Insofar as the outsourced jobs are concerned, wages are relatively low, while the welfare protection is very insufficient. Thus, examples of the poverty problem are often found among workers of outsourced jobs.

With respect to this problem, if we do not tackle the problem at root, and abolish such an outsourcing system, the poverty problem will stay with us forever. As I have mentioned just now, members of the employed poor have jobs, but the level of their wages is extremely low. Even though the Government or the Secretary has pointed out that as the minimum wage is now in place, workers have more protection, the problem lies in Can the Secretary please consider this. Basing the calculation on an hourly rate of \$28, if a worker works eight hours a day and 26 days a month, how much will he get in wages? The amount is \$5,862. A person may be able to survive on this meagre amount of \$5,000 or so. But if this amount earned by one person is used to meet the living expenses of two persons, it is definitely not enough. They will certainly fall into poverty.

For this reason, the Government should not simply claim that with the minimum wage in place, the standard of living for the public will not be too low, so the aspiration of the society has already been answered. This is because the minimum wage is not enough. We often advocate subsidies for low-income families, which is one of the feasible solutions. But the Government has never given consideration to this proposal. This is just like the response it has given us today when it claims that the minimum wage will solve the problem. The minimum wage is not a panacea. It is only part of the solution. We still need to implement other initiatives such as the family subsidies I mentioned just now.

Moreover, the Secretary mentioned just now that with the ageing population, our existing social structure had undergone changes. The Secretary also pointed out that by 2033, people aged 65 or above will account for one quarter of our population. We all know the existence of these problems. But what problems will actually emerge? It is certainly the problem of coping with retirement life. But how are they going to resolve the problem? Among the existing three pillars, the relatively more well-known pillar is certainly the Mandatory Provident Fund (MPF). However, is MPF really the solution to the problem of retirement life? As a matter of fact, we all know that the answer is in the negative. Several issues are involved. First, with respect to the low-income earners, after making contributions to MPF for 20 years, it will be lucky if their accumulated amounts have not suffered any loss. Even if deficits are avoided, the amounts will be very limited. It can be considered fortunate for the retirees if the amounts are sufficient to meet their living expenses for eight to 10 years. However, the life expectancy of man is not short. A Member mentioned just now that the life expectancy of man had become increasingly long. Members of the public have to retire when they reach the age of 65. After eight to 10 years, they will only be over 70 years old. How are they going to live in the remaining several years of their lives? Thus, the MPF will not resolve the problem.

Moreover, some women who do not have jobs are not protected by the MPF. Therefore, in order to resolve the problems of coping with retirement life and ageing population, it is necessary to put in place universal retirement protection. If these problems are not resolved, there will be a group of elders who cannot make ends meet on a permanent basis. Currently, elders are unable to retire in their hometowns because the Government refuses to make concessions

on the required days of residence in Hong Kong for purpose of applying for the "fruit grant". It has only made a small concession, so these problems still persist. I hope that through today's discussion, the Government will refrain from using the lowest poverty line, CSSA, free healthcare benefits, and free education as excuses in the future. These initiatives will help only some people, but they will not resolve the problems of all members of the grassroots in poverty. Regarding these respects, I hope the Government will tackle the problem from a long-term perspective and at the policy level. It must not take the approach adopted in the Policy Address, that is, skimming over the water like a dragonfly, dealing with each of the matters on the surface, or take a piecemeal (*The buzzer sounded*) approach in tackling problems.

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): Deputy President, only the Secretary for Labour and Welfare is present today. It really makes us feel disheartened. Secretary, please do not misunderstand me. I am not saying that we do not like to see you. We are glad that you are here, and we know that you are very diligent. However, the fact that only you are present gives us the feeling that, with respect to the problem of disparity between the rich and the poor, the Government will not change its fundamental mindset at all.

It seems that the Government believes the problem of disparity between the rich and the poor will be solved solely by creating employment and improving welfare. What a narrow perspective it has taken. Regarding the incessant widening of the wealth gap, many colleagues and I have continuously mentioned many figures, just now and in the past. I do not think it is necessary to mention these figures again here, as I believe the Secretary is capable of reciting them from the end back to the beginning.

Mr Frederick FUNG mentioned repeatedly the term of dishonest businessmen when he spoke on the original motion just now. I disapprove the use of this term. I do not mean that there are no dishonest businessmen in this

world. However, the operation of the majority of businessmen is based on the laws of the market. In a market of fierce competition, in order to survive or to meet the need of corporate development, businessmen often have to do two things. The first one is to cut costs. It is their belief that the lower the wages of the staff the better; the cheaper the products or raw materials bought by them the better. The second one is to expand the profits. If some articles can be sold in the market for 10 cents more, they will absolutely not be sold for 10 cents less. If a shop rental can be charged one dollar more, it will absolutely not be charged one dollar less. It is only through this that the corporation will have continuous growth.

It is exactly the laws of the market that result in the hatred of those who do not own properties or assets towards the business sector. A wage cut will add to their hatred. A price hike will also add to their hatred. Thus, the term "dishonest businessmen" does not refer to individuals. It refers to a phenomenon fostered by the system and the market failure.

What is the prevailing situation in Hong Kong? The phenomenon before our eyes is that wealth is increasingly concentrated in a handful of people in society, controlled by a minority of enterprises. The income of the poor is increasingly less. Many statistics have shown that the wages of the lowest-income wage earners are declining. A survey conducted by Oxfam in September has also clearly indicated that the number of households of employed poor in Hong Kong is continuously on the rise. Based on the household income, a comparison has been conducted on the richest 10% and the poorest 10%. It is found that the median household income of the former is 27 times of the latter. Thus, the problem is becoming increasingly serious. As a matter of fact, insofar as those who do not own any assets are concerned, the existing room for them to start up businesses is becoming increasingly limited. This is the prevailing situation of society in Hong Kong.

Deputy President, the present situation of Hong Kong is really like sitting on a time bomb. This problem is continuously deteriorating, like a pressure cooker in which pressure is building up. The pressure inside the pot is increasing incessantly and the steam inside is continuously looking for a vent. If an avenue is not provided for the steam to vent so that the pressure is relieved, the pressure cooker will explode, just like a bomb does. The Government should be

able to do a lot, and this is the reason for which we are discussing the problem here in this Council today.

Of course, we believe improving the overall economy and making a larger "pie", or the so-called "trickle-down effect" may achieve some effects. Teaching people to fish, investing more money on developing education, and allocating more resources to training will have a certain effect. Providing more welfare to the poor, the elderly and persons with disabilities will also have a certain effect. However, ultimately, something is still missing. So what is missing? It is the redistribution of wealth. I believe many people feel scared at the mentioning of this. They feel as if someone is picking their pockets. However, we have to consider that if the pressure in the pressure cooker is not relieved, when the pressure cooker explodes, no matter how much wealth you have, it is useless.

Compared to many other developed countries, the tax rate in Hong Kong is very low. We have adopted a tax regime of low tax rates. I hold that those who are wealthy and capable should pay more tax. The present situation will be much improved if we adopt a progressive tax system. With a change in the system, those who are wealthier and more capable in society will be bearing a greater share of the public expenditure and helping more people in poverty. I believe many people are willing to do that.

I think we are on the eve of a change today. With the development of democratization in Hong Kong society, and the implementation of dual universal suffrage, the votes in the hands of the poor will ultimately change our society. Irrespective of the Government choosing to do more proactively or choosing to be an ostrich, I believe this change will certainly come. I do submit.

MR WONG SING-CHI (in Cantonese): Deputy President, the original motion proposed by Mr Frederick FUNG is actually very simple. He thinks that the efforts of the Secretary and his bureau alone will not be able to resolve the problem of poverty in Hong Kong. In order to resolve the poverty problem, inter-departmental forces and cross-strata efforts as well as territory-wide participation by all members of the society must be mustered. Unfortunately, the Secretary often strongly assures everyone by saying that he will take up all the

responsibilities. I am not criticizing him for doing nothing. However, in the light of the actual circumstances, even if he is genuinely making every effort, the Labour and Welfare Bureau may not be able to resolve every issue. It takes concerted efforts from all to get this done. Thus, Mr FUNG is being practical and realistic when he proposes to establish a high-level committee charged with the responsibility of implementing measures to alleviate the disparity between the rich and the poor. In other words, we should no longer rely on the strong assurance of a secretary of a government bureau to resolve this problem.

We have learnt from the *Global Finance* magazine of the United States that Hong Kong ranks seventh on the list of the World's Richest Countries and Regions. This is most awesome. I do not know whether this is true or not. How come Hong Kong has reached an awesome seventh place? Nevertheless, I can see that the disparity between the rich and the poor in Hong Kong is very serious. Today, many Members have mentioned that the Gini Coefficient of Hong Kong stands at 0.533. I have mentioned this figure whenever this topic is discussed in the Legislative Council. But the Secretary seems to remain indifferent. Similarly, the Government remains indifferent. I hope that the Government will really face up to the problem of disparity between the rich and the poor.

The terms of reference of the former Commission on Poverty (CoP) include: to study and identify the needs of the poor; to make policy recommendations to prevent and alleviate poverty, and promote self-reliance; to encourage community engagement, delineate responsibility between the Government, social welfare sector and community organizations, foster public-private partnerships and mobilize social capital in alleviating poverty. As a matter of fact, the former CoP had eventually made many recommendations. But after the recommendations had been made, the Secretary gave strong assurance to implement them and took up all the responsibilities, with some of them having been passed to the Home Affairs Bureau. He perceived that the CoP had become defunct. In this way, the poverty problem has become a problem not to be resolved by participation of all members of the public, and poverty is not to be eradicated by concerted efforts; instead, it is going to be resolved by the will of an individual officer who believes he has the ability to accomplish all this. I am not saying that the Secretary has done nothing. He has done something, such as establishing the Child Development Fund and implementing the present Transport Support Scheme. However, we do not

know the effectiveness and the details of these programmes. The Secretary has also made some efforts with respect to residential care places for the elderly and people with intellectual disabilities, but the efforts are insufficient. He has done something, but the point is the problem should not be dealt with in this way. It is only through facing the problem together and tackling it with concerted efforts that we can resolve it.

When we look at the poverty problem around the world, we will find that it boils down to several major scenarios. The first one is that some regions are poor because of war. For instance, North Korea fires artillery shells at South Korea for no reasons at all. The former probably resorts to terrorist threats in order to unite its people. The people of North Korea are really very poor because they have to face the prospect of war all the time. I had visited North Korea before. The situation of the country was most heartrending. The children were running around in the hills and the streets without shoes. When we visited the factory areas, we found the products beautiful. But the workers who made them were in rags. The poverty there is caused by war.

The second scenario is political autocracy. Many regions and countries are under the rule of autocracy.

The third scenario is a populous nation. Our country is populous, with a population of almost 1.3 billion. As many people are not taken care of, they are living in poverty. This is understandable. However, the problem is similar when the country is affluent, the Central Government has been saying all along that it will eradicate poverty, and will examine various measures, so as to see how assistance can be extended to the rural villages, and how the rural villages and lives of farmers can be improved.

There is another scenario when the government is poor, operating on deficits as well as debts. Some countries are even on the brink of bankruptcy. Insofar as these countries are concerned, it is therefore difficult for their people to expect enough food and meals.

Returning to the situation of Hong Kong, is it anticipating a war? Apart from the battle of words between the democratic camp and the establishment camp, is there a war? I do not think there is any war in Hong Kong. That is impossible. Is there autocracy? Of course, the incumbent Chief Executive was

not elected by us, but at least half of the Members of the Legislative Council are returned by direct elections. We can exercise monitoring. This is not autocracy. Are we populous? Yes, we are. Our territory is small, but our population is only 7 million. At the most, the population will rise to over 7 million. We are not as populous as India or the Mainland China. Is our Government poor? Of course it is not poor. The Government has a lot of money. We have a reserve of thousands of billion dollars. It will take time to exhaust the amount by dishing out money. But, unfortunately, the problem of disparity between the rich and the poor is still serious.

According to the information from the Hong Kong Council of Social Service, the number of people in poverty in Hong Kong stands at 1.26 million. This is an appalling figure. This figure shows that one-fifth of our population is in poverty, that is, one in every five persons is in poverty. However, circumstances such as those experienced in other countries are not found in Hong Kong. Thus, Deputy President, I do not understand why the Government still believes the Secretary is omnipotent. The Secretary is brilliant. He keeps on saying that he is going to do everything. But why doesn't the Government re-establish the CoP so that members of society from different sectors and strata will work together in different areas to resolve the problem? Furthermore, it is impossible to resolve the problem without inter-departmental collaboration in areas of education, employment, housing, medical services, and savings. All these are elements of poverty. If proper work is not done in these areas, ultimately many people will not be able to lead a good life. All these issues cannot be resolved by the Labour and Welfare Bureau alone. Concerted efforts must be made by different strata, different professions and in different areas to resolve (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR WONG SING-CHI (in Cantonese): Thus, I hope that the Government will re-establish the CoP. Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR PAUL CHAN (in Cantonese): Deputy President, I have been a Member for more than two years now. I have found that a motion on the disparity between the rich and the poor will be proposed by colleagues every now and then. I myself have also proposed such a motion on the poverty problem of Hong Kong before. Like other colleagues of this Council, I also pointed out the rate of increase in the poverty population, and what kind of difficulties they were facing in life. Moreover, Members have also quoted figures from various sources, illustrating the seriousness of the poverty problem in Hong Kong. They have also put forward many proposals in the hope of alleviating the difficulties faced by people in poverty.

After talking endlessly, and with no new ideas introduced, we are a bit tired now. But then why do we still propose such motions? Deputy President, I have found that over the past two years, the SAR Government has changed from its initial indifference to an ultimate understanding of the issue. But its response is slow and inadequate.

Deputy President, I wish to raise two main points today. The first point is related to inflation. Earlier, the United States launched a new round of quantitative easing measures, causing impacts of varying degrees to the global market. Hong Kong as a small territory is certainly not spared. Last Friday, the Government introduced new measures to curb speculation on properties, with a view to cooling off the overheated property market. However, to those living in poverty in our society, I believe the greatest challenge they will face in their daily life in the coming year is the pick-up in inflation.

The Government published the Third Quarter Economic Report 2010 earlier. According to the Report, under the circumstance of a rise-back in domestic costs, as well as higher import prices amid a weaker US Dollar and elevated global food and commodity prices, inflation in Hong Kong in the coming year is likely to go up further. With the launching of a new round of quantitative easing measures in the United States, which triggers further funds influx into the region of Asia, there will be a larger increase in the headline Composite Consumer Price Index (CPI) in the coming year.

The CPI for the month of October published last week will serve as a useful pointer. The year-on-year increase of the CPI(A) is 3.1%. But among the various consumption items, the rise in the CPI in electricity, gas and water

faced by the low-income grassroots, which reaches 22.1%, is the most drastic among the three CPIs. This is followed by food, with a year-on-year increase of 5.6%. And we will be discussing the application for bus fare increases next week. Some economists reckon that unless the bubble in the external economic environment bursts, otherwise, it is unlikely that there will be a downward adjustment in inflation here in Hong Kong. By the middle of next year, the inflation rate will easily rise to 5% to 6%. It is expected that with worsening inflation, members of the public will be hard pressed by daily needs. Those who bear the brunt of the impact will certainly be the grassroots of society.

On the contrary, in the Mainland, under the impacts of various factors, the prices of daily necessities made up mainly by agricultural products have been soaring since July, and even on a monthly basis, imposing a heavier burden on the people in terms of the cost of living. This in turn results in people's mounting grievances. Last week, measures were finally introduced by the State Council. Four measures aimed at stabilizing market prices were announced by Premier WEN Jiabao with a view to protecting the people's livelihood. These measures include granting temporary subsidies to low-income families, increasing food allowances for university and tertiary students, and raising the standard of old age pension, unemployment benefits and minimum wage. A few days later, the State Council introduced measures again, launching 16 measures to stabilize the overall level of consumer prices. Deputy President, I have quoted the measures taken by the Mainland because I wish to highlight that after gaining a good understanding of the situation caused by inflation, the Mainland has taken prompt and targeted actions. I hope that the SAR Government will similarly be able to keep a closer tab on the pulse and opinions of the people, and make forward-looking responses. It must not act in hindsight like it did in curbing the speculation on properties. Given that we reckon the incessant pick-up in inflation and its subsequent impacts on the livelihood of grassroots and people in poverty, it is necessary for the Government to take counter-measures expeditiously and at the same time maintain high flexibility. In fact, it is not necessary for the Government to introduce measures only at the time of the annual budget or policy address.

Deputy President, the second point I wish to raise is related to a high-level committee on poverty alleviation. During the motion debates in the past, I had expressed my support for re-establishing the Commission on Poverty under the

leadership of the Financial Secretary who was the Chairman of the Commission back then, because he has a good grasp of the resource allocation in Hong Kong, and he is the person who knows the financial strength of Hong Kong best. Today, in moving his motion, Mr Frederick FUNG proposed to establish a high-level committee to conduct a review of the overall social condition and economic policy, as well as evaluate which systems and policies are the sources causing the disparity between the rich and the poor. This committee should not be comprised of the Labour and Welfare Bureau alone. Instead, its members should be comprised of various bureaux, departments, members of the community and related stakeholders, so that poverty alleviation strategies and plans from the perspectives of various policy areas such as labour, welfare, education and economy will be proposed and implemented. Not only should the committee start its work from a macroscopic perspective and target the economic structure, it should also carry out fundamental reviews and reforms of the systems, set targets for poverty alleviation, and promote and co-ordinate poverty alleviation measures among various bureaux. I hold that the proposal of Mr FUNG is justified. As for which option the Government will take in the end, I keep an open mind on this. However, Deputy President, it is most imperative for the Government to act in a practical, prompt and proactive manner. It must not act like it did in the past, skimming over the water like a dragonfly, that is, dealing with matters on the surface only, or even adopting the approach of offering petty favours.

Deputy President, I so submit.

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

MR IP WAI-MING (in Cantonese): Deputy President, I have strong feelings about this issue and would like to speak on several points, which in fact have been mentioned by many Honourable colleagues already.

Deputy President, regarding the problem of disparity between the rich and the poor, frankly speaking, many Honourable colleagues have on many occasions suggested ways to solve or alleviate the problem in the debates of the Legislative Council. In fact, we have already reached a consensus on the measures to address the problem in our debates, but most of our suggestions have yet to be

accepted by the Government. We often have meetings with Secretary Matthew CHEUNG in the Chamber. If the Government does not change its attitude, I believe we would have to keep on discussing this issue with him in the future. Even if we do not feel bored, I guess Secretary Matthew CHEUNG is already tired with it because our views are more or less the same every time. As a matter of fact, later on Secretary Matthew CHEUNG might also respond in the same way as he did on previous occasions. The scripts of his speeches on this issue should probably be the most environmentally-friendly ever because their contents are basically the same, or there are at most a few changes in figures.

I think the key to the problem is the determination of the Government. We often have a feeling that the Government lacks the determination and boldness to address the issue of wealth gap. Does the Government really not know what to do? Or it dares not do it? I hope the Secretary can answer this question.

Every time when we discuss the wealth gap problem, we have to mention the Community Care Fund (CCF). We welcome the establishment of the CCF which aims at mending the holes in the safety net. In fact, we had discussions on this issue last week. The Steering Committee on the CCF consists of members from all walks of life. But given that we can mobilize so many people to form such a committee, why do we not upgrade it into a Commission on Poverty (CoP) of a higher level? This is actually our aspiration.

We think that it takes time to narrow the gap between the rich and the poor. It is a long-term and large-scale project which requires co-ordination among different government departments and cannot be completed by Secretary Matthew CHEUNG alone.

We think that instead of making huge efforts to operate the CCF, we should form a CoP of a higher level. We welcome the establishment of the CCF by the Government, but the more functions it has and the better performance it can achieve would just prove that there are many loopholes in the existing safety net or social welfare system. Is that right?

It is reported in today's newspapers that in the long run, the CCF would possibly be incorporated into the welfare system. I do not know if this is true, but if it is, then why do we not examine and deal with the loopholes in the social

welfare system directly instead of making huge efforts to establish the CCF? After all, at the present stage, it is better to have the CCF than not to have it. But I hope the Government will heed our views.

Furthermore, regarding the target for poverty eradication, my colleague, Mr WONG Kwok-hing, has requested the Government to set a specific target in his amendment. The FTU agrees to his proposal as we also share the same views. If we do not define a target for poverty eradication, we will not know whether our poverty alleviation measures are effective. Once a target is set, we will know what we can do, and if we fail, then reviews and improvement can be made. Otherwise, just like a boat drifting in the big ocean, we will never know in what direction we are sailing.

We think that the Government should set a target for poverty eradication, and before that, we have to set a poverty line first. However, the Government has all along been insisting on not to adopt this approach on the ground that there are no definite criteria for setting such a line. In fact, we think that the Government, by burying its head in the sand, just wants to hide away from the reality of the disparity between the rich and the poor in our society. In our opinion, if the Government continues to adopt an evasive approach, the problem of wealth gap can never be alleviated in an appropriate way. As Dr PAN said, this problem is a bomb.

Lastly, I would like to talk about the industrial policy. In fact, the core problem faced by the grass-roots workers is the limited choice of jobs in the current market and the difficulty in getting one. Of course, we do not want to see the continual reduction of the minimum wage rate. But regarding the employment of workers, if the Government does not take any action to create new industries and new jobs, I believe the problem can never be solved.

In this area, in particular, the Government seems to be rather powerless. Among the six priority industries, the environmental protection industry can offer job opportunities to many low-skilled labourers, but so far it has just made a contribution of only 1%. Therefore, we hope the Government will stop setting a limit for itself by saying that it is not possible to develop certain industries in Hong Kong. If it only concentrates on developing the financial industry or high technology industries, the job opportunities for workers in Hong Kong will be getting fewer and fewer (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR IP WAI-MING (in Cantonese): Thank you, Deputy President.

MR WONG YUK-MAN (in Cantonese): Deputy President, the Legislative Council has been discussing the problems of poverty alleviation, poverty eradication and the disparity between the rich and the poor year after year, again and again. However, since the Government's policies and concepts of administration remain the same, we can never put words into action and the Government will also keep on paying lip service. Today, I am afraid the Secretary will waste another half an hour or more to deliver a long speech and give the same replies to our questions as usual. We cannot expect anything new as he has given us the same response for so many times. Today's response will be exactly the same as last week's. Just wait and see. Last week, Mrs Miriam LAU raised the proposal of mending the net; I believe what he is going to say today would probably be the same because he used to be a technocrat instead of a policymaking official. Even if he had the experience of working as a policymaking official, but as there is something wrong with the mentality of his boss, nothing could be changed. I have to tell you that this is Hong Kong's fatal disease.

Perhaps as Dr PAN Pey-chyou said, one day when we have democracy and the system of "one person, one vote", and when the poor can also cast their votes, you will know the consequence. However, buddy, this would be true only when the Chief Executive is elected by us, right? In Western societies or advanced and civilized countries, what the people argue about is whether the policies should tilted to the left or the right, and whether social welfare or economic development should be the main concern. At the end of the day, it is the people who decide whether the Conservatives or the Labour will become the ruling party. Everything is so clear.

But now, we are still arguing about when we should have universal suffrage, what benefits it will bring, and whether the functional constituencies should be abolished. It is absolutely like arguing about whether we should eat rice or eat shit. So you tell me, what hope do we have? Basically, this is a dead end. We can do nothing about it but just keep on discussing. You say

that poverty and the wealth gap are two different concepts that cannot be lumped together. This is absolutely absurd. The ugliest nature of poverty is the disparity between the rich and the poor. LU Xun once said, (I have quoted this for many times, and Matthew, I hope you will put this in your mind.) "Human beings tend to first pursue survival, then livelihood, and finally development. Anything that blocks the way of this pursuit, be they old values or new ideas, humans or ghosts, ancient classics or literary collections, rare treasures or precious sculptures, prescriptions from ancestors or medicines with special effects, will all be trampled." Now, what blocks the way is the SAR Government led by Donald TSANG, but we cannot trample on him. Isn't it frustrating? If he were the leader of a foreign country, he would have been overthrown long ago, right? However, we are not able to bring him down because he was not elected by us. What he represents is an autocratic government, right?

Theoretically, there are sufficient resources in Hong Kong. Instead of inadequacy, we are facing the problem of uneven distribution and over-concentration of wealth. This is common knowledge. However, it is so absurd that the core value of the Government's poverty alleviation policy basically remains to be "big market, small government", a concept that is so outdated. As usual, the proposed measures include offering employment assistance, providing work incentives for the able-bodied unemployed and retraining for the working poor to help them gain a livelihood. All these lame proposals, which aim at replacing welfare with workfare, are actually stop-gap measures that will not be able to address the problem effectively. As some Members have just said, they are just lip service and small benefits that fail to touch the fundamental and structural problems, which are: uneven distribution of wealth, plutocratic monopolization, and collusion between business and the Government. The Government says that we have to be market-oriented, while the responsible officials like you, buddy, always mention words like "material" and "economy". This is a myth that we are not able to crack.

Our society, totally economy-oriented, is taking the money of the needy to serve the affluent. This practice of the consortia, plutocrats and SAR officials like you all, will only add to the heavy burden on the public who are already living in dire straits.

Today, that we still have to repeat what we have said makes us feel ashamed. Why can we not have some new ideas? The FTU, Frederick FUNG and we are all repeating our views, and later you will also repeat yours, buddy. To put it more harshly, we are actually wasting our life. Life is not eternal. Since my health has been deteriorating recently, I began to realize that life is very important. But as long as I am alive, I still have the chance to be the winner. Therefore, we must outlive the other.

Though it is stated in the Basic Law that Hong Kong's capitalist system shall remain unchanged, does it mean that capitalism is a golden rule that cannot be changed? Let us look at the Great Depression in the United States in the 1930s. Under the capitalist system at that time, the United States society was on the verge of collapse. Some people jumped to death in Wall Street and many others lost their jobs. Then, President Roosevelt carried out a set of new policies, which were simple measures such as adjusting the capitalist system, reforming the tax system, improving social welfare and creating jobs. It was such simple measures that raised the United States from the grave, buddy. At that time, there was already no such thing as "big market, small government". Changes already came in the 1930s. In 1941, President Roosevelt went further to propose the famous Four Freedoms. They are freedom of expression, freedom of religion, and most interesting of all, freedom from want and freedom from fear. So if our people are unable to have a stable job and a secure livelihood, and if they are filled with want and fear, how can there be harmony in the community?

To go further, we can look at the example of Confucius, who travelled around various states more than 2 000 years ago and found that the society in Great Harmony had only ever existed in the Three Dynasties, that is, the era before the Spring and Autumn period and the Warring States period. It was a time when the elders could lead a peaceful life in their twilight years and the children could grow in body and in mind. It was a society where widows and widowers, orphans and the childless, the ill and the invalid were all well taken care of. It was only until over 2 000 years later did I find this kind of ideal societies in some Scandinavian countries and Canada in North America, where we can see men and women all have their appropriate roles, and natural resources are fully utilized for the benefit of all but not appropriated for selfish ends. While other people have achieved this, now what we can do is to seek these lost values in their countries. Moreover, I do not know how much the Secretary

knows about social democracy. If he does not have any knowledge of it, I can give him the platform of the League of Social Democrats, which contains no grand theories and is very easy to understand. This buddy sitting next to me is a Marxist. Some people said that he used to be a Trotskyist, but now he is a social democrat. Even Long Hair has surrendered. Perhaps I should use the word "compromised" instead of "surrendered". But what is the reason for such a compromise? This ideological compromise is for the convenience of working for the public. What I mean is that if we advocate communism, the public will surely kill us, right? Thank you, Deputy President.

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

MR LEUNG KWOK-HUNG (in Cantonese): Deputy President, I do not know what to say because everything is so clear in today's debate. Perhaps I should start with my own experience in the Legislative Council. One day, I came here to stage protest up there and was then dragged to a room downstairs. I had to submit an article that day, but when I looked up, I saw TUNG Chee-hwa, who was being attacked and questioned by many Members during the Question and Answer Session for not setting some criteria for poverty alleviation. He said that it was not necessary to do so because the role of the Government is to alleviate poverty instead of setting a poverty line. In response to this, I immediately wrote an article, which raised a question: "If a doctor in a hospital, without measuring your blood pressure and body temperature, prescribes you some medicine, then will you take it? Of course not, right? So I wrote: "Unfortunately, this Hong Kong Grand Hospital of ours is a hospital that requires you to stay there forever once you got in."

It was already years ago. I remember it was 1999, that is, 11 years ago. Today, another Chief Executive, Donald TSANG, who stepped on TUNG Chee-hwa's body and moved forward to leadership amid the sound of his whistles and the melody of the national anthem, also plays the same trick by sending his subordinates here. As he dares not make that shameful statement again, he would rather pass on the responsibility to you and let you once again say that: "There would not be any problem even without a poverty line. We do not need a poverty line for poverty alleviation." Deputy President, without a pair of compasses and a set square, how can we draw a perfect circle and a square? In

fact, the setting of a poverty line will surely affect the measurement of poverty. This is a fact, and we do need to set a criterion or different criteria for measurement. What does it mean if there are no criteria for measurement? It implies that the Government does not have to bear the responsibility, right? If there is a poverty line, it means that we have to eliminate this line within a certain period of time, or we need to help those who are living under this line move up to above the line. It is just that simple. Please do not try to argue that different places have different poverty lines because this is just a straw argument. Today, as an administrator in Hong Kong, you fail to provide a poverty line for the people as a commitment to good administration and self-monitoring. Isn't it shameful, buddy? This is actually the secret underlying the entire issue.

Honourable Members, with regard to our wealth, Hong Kong is one of the wealthiest places in the world. It was mentioned earlier that in terms of average income per capita, Hong Kong ranks seventh in the list. But in terms of the disparity between the rich and the poor, we probably top the list. It is a comparison between the first and the seventh.

Honourable Members, in this Council, different parties have expressed their own views. We all have to advance our personal advocacies because we are responsible to our voters, right? But the Government does not have to do this. In fact, what has the Government done? Let me come back to the Legislative Council. The Legislative Council is a publicly-funded organization. But what have you done? In 1999, somebody, probably Antony LEUNG, advised TUNG Chee-hwa that we should follow the examples of the Western countries to adopt the value-for-money approach to reduce our cost.

Now, the Legislative Council does the same thing. The other day I met a lady who is working as an out-sourced cleaning worker here. She said to me, "Mr LEUNG, please help me fight for it." I asked her what she wanted me to do and she replied that her current hourly wage was \$25, which was less than \$28. It transpired that the Government, using the formula of average hourly rate for the calculation of hourly wages, claims that the average hourly rate in the market is \$25 and thus it also pays this rate. In this case, does it not mean that the Legislative Council also breaks the law like you do? It is because we are funded by the Government. Moreover, there is also the problem of equal work with unequal pay. Now all of our colleagues are unwilling to be given promotion.

The reason is that once they get promoted and sign a new contract, their gratuity rate will drop from 25% to 10%. What kind of creatures are you? You have spread the virus in your body to the Legislative Council, exerting control over our financial policy through your mode of administration. According to your social perspective, poor people should not be assured of a secure livelihood, otherwise, they would use their spare time to hold demonstrations in the streets. One can imagine how serious your condition is. As a ruling body which should be responsible for upholding social justice and offering assistance to the poor and the disadvantaged, the Government now takes the lead to take advantage of the poor masses and the labourers by doing such things. As Yuk-man said, it is taking the money of the needy to serve the affluent. This is the core problem.

The Honourable colleagues from the FTU said that we should not develop high technologies because under a knowledge-based economy, the labourers are living a miserable life. In fact, this is totally nonsense. I would like to ask what high technologies we have in Hong Kong. We do have some high valued-added jobs, and what are they? They are speculators who seize the opportunity of the implementation of quantitative easing measures in Mainland China and United States to engage in different kinds of speculative activities. Those unionists should not parrot what others say. Have we ever engaged in any high value-added or high technology projects? What knowledge-based economy? I have just told the reporters outside that if we had a knowledge-based economy, there would not have been an increasing number of female journalists being forced to accept a lower salary, nor would there have been the problem of equal work with unequal pay, or even heavier workload with lower pay. Knowledge has value, hasn't it? But what kind of knowledge-based economy is this? It is actually a casino-based economy, under which everybody is engaging in gambling with the support of the Government. People like LI Ka-shing and "Fourth Uncle" are the major bookmakers, and so are the Mainland officials and members of the "Crown Prince Party". The Government, while encouraging people to gamble, turns a blind eye to the increasing hardship of those who cannot afford to play the game. The problem is that we do not have universal suffrage for electing the Chief Executive (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG, your speaking time is up. Does any other Member wish to speak?

MR ALAN LEONG (in Cantonese): Deputy President, since the new Legislative Session started this year, we have already had several meetings, of which only one did not touch upon the issues of welfare and poverty alleviation. It shows that many Honourable colleagues in this Council have realized the gravity of the problem of the disparity between the rich and the poor. That is why we have had so many discussions on it.

Today, this motion on "alleviating the disparity between the rich and the poor" can be regarded as the root of all issues. In fact, during the policy debate and the debates at previous meetings, we have studied the issue from different perspectives. I really hope that Secretary Matthew CHEUNG, after listening to our views, would not perform the same ritual again as some Members have just said, that is, keep on repeating meaningless statements like a record player.

Deputy President, regarding the issue of disparity between the rich and the poor under discussion today, you may remember the Chief Executive pointed out in the Policy Address that "Education is fundamental to alleviating inter-generational poverty. Good education helps enhance the quality of our next generation and raise their competitiveness in a knowledge-based society, enabling them to improve living standards for themselves and their families." (End of quote) In fact, the Government should have made great efforts to allocate resources to education. Therefore, this quote of the Chief Executive in his Policy Address has really aroused some feelings in me. I recall that when I was a student, the examination result was the sole factor determining if you could enter a good school. Whether rich or poor, everybody had the same chance. However, with the abolition of the Secondary School Entrance Examination, the situation has become so different today. Nowadays, if you want to enter a good school, one option is to pay an annual school fee of \$40,000 to \$60,000, while the other is to live near the school or employ means that can help you score more points. Deputy President, the problem is that undoubtedly there is considerable disparity between rich or relatively well-off families and families with lower financial capability in nurturing their children. To put it simply, I have heard that some Primary One and Primary Two students have already joined study tours to Europe during the summer holidays, whereas some Form Seven students in Tin Shui Wai have never visited the Cultural Centre.

We can see that as the Chief Executive said in the Policy Address that "Education is fundamental to alleviating inter-generational poverty", if the

Government is not paying lip service, then why have we not seen him take any actions? Regarding the disparity between children from rich and poor families, if the gap between their starting points keeps on widening instead of being narrowed, I do not know how we can put the theory of poverty elimination through education into practice.

As for the provision of university places, it is even worse. The number of subsidized university places has remained at 14 500 for years. Until this year, an additional 380 are provided. Even though it is stated in the Policy Address that education is fundamental to alleviating poverty, there is only an increase of 380 places.

If a secondary student from a poor family fails to get a place from these 14 000 to 15 000 places, he might have to get a loan at a higher interest rate for studying an associate degree or self-financing degree course. Once graduated, he has to repay a loan of up to \$100,000 and in that event, it would be very difficult for him to get out of poverty.

Deputy President, according to the latest figures provided by HKCSS, the number of poor youngsters has rapidly increased by 20% from 144 000 to 176 000 since 2001. When the youngsters also face such a serious problem of poverty, I am really worried about the future of our society.

Deputy President, presently the most important task of all is to set a poverty eradication target and to form a new Commission on Poverty. Since 1991, the Government has not published any social welfare white paper, nor has there been any five-year planning for social welfare. Instead, now we have the so-called "long-term planning for social welfare in Hong Kong" consultation exercise. In fact, during this so-called "long-term planning" consultation, many groups and organizations have sincerely expressed their views. But the Government, unwilling to show its commitment, has no intention to set any short-term, mid-term or long-term targets, or to work out any social welfare plans according to their good advice. It still prefers a stop-gap piecemeal approach. Finally, I would like to warn the Government that such an approach will not only widen the disparity between the rich and the poor, but it is also a crucial factor causing social unrest.

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up. Does any other Member wish to speak?

MR TAM YIU-CHUNG (in Cantonese): Deputy President, according to *The Wall Street Journal* and the annual report on the Index of Economic Freedom released by the Heritage Foundation of the United States on 20 January this year, Hong Kong, since 1995, has been ranked as the world's freest economy for 16 years in a row.

Having gained such a reputation for years, we have to do some soul-searching, though. This is because with the economic beliefs of "big market, small government" and "free market", Hong Kong has paid a heavy price in becoming an advanced economy, namely the widest wealth gap in the world. According to the Human Development Report published by the United Nations Development Programme in October last year, Hong Kong, among the 27 regions with advanced economic development in the world, has the widest wealth gap. As for other data such as the fact that our Gini Coefficient has now exceeded the alarm level, I am not going to talk about it anymore because we have already had many discussions on it.

Regarding the disparity between the rich and the poor, we have just pointed out in our speeches that this is an issue we have frequently discussed in this Council in recent times. Of course, Secretary Matthew CHEUNG also said in his speech just now that the Government has never tried to evade the wealth gap problem. I believe the Government has not evaded the problem. In fact, it has taken some measures to address it. But why do the public still think that the wealth gap is growing wider and wider? In my opinion, it is because the grassroots now have a feeling that no matter how hard they work, they will never get a reasonable reward. On the contrary, some people can make use of their capital to make a bigger fortune very easily. As the common saying goes, this is "making money with money". Under such circumstances, the disparity between the rich and the poor keeps on widening, resulting in the emergence of social conflicts, hostility against the rich and the businessmen, and the growing discontent with the Government.

Therefore, in view of the actual situation prevailing, in order to win public support for its poverty alleviation work, the Government must change its social

policy objectives. Without changing these policy objectives, it will not be able to break away from the confines of the current welfare policy. Recently, the Government finally agreed to the full implementation of the Transport Support Scheme in the 18 districts across the territory. In fact, this measure is the fruit of our joint efforts over the past years. I can recall that when the Commission on Poverty proposed this initially, the Government immediately said "no" on the ground that such a subsidy scheme could not possibly be implemented. Subsequently, we pointed out the need to take some measures as the transport fees were so expensive, especially for those living in remote districts. In the end, the Commission on Poverty, led by Secretary Henry TANG, agreed to select two districts, namely Tung Chung and Tin Shui Wai, that is, the remotest two, to carry out the trial scheme. After the trial, we took further steps to expand the scope of the scheme from two districts to four districts, and then from four districts to 18 districts. Finally, the scheme has been transformed into what we have today. Although we had to go through a process to get the concessions and we might not revel in our achievement, I still think that there is a far-reaching policy implication behind this measure. Secretary, though this policy will be implemented for only three years as a start, I guess it will still exist even after three years. Of course, we do not know who will be the Secretary then, but no matter who will take up the post, he would find it hard to repeal this policy. Besides, the far-reaching implication is that we have taken the first step to introduce the social wage system. We seldom use the term "social wage" as wages are mostly paid by employers. But this is social wage.

Due to the economic structure of Hong Kong, the wage level of many employees is always lagging behind the commodity prices. Representatives of the FTU have earlier provided a lot of data and information on this and pointed out that the employees have difficulties in meeting the basic needs. In the end, many employees may have to borrow money or tighten their belts to make ends meet. Eventually, they may lose their work incentive because no matter how hard they try, they cannot make ends meet or may not be able to find a job. Even if they can earn a living, they cannot fulfill their basic needs and finally have to live on CSSA. Therefore, the Transport Support Scheme is a timely initiative to help these people fill the gap between the market wage rates and the income required to meet the basic needs, so as to ensure that they can be self-reliant. It is only by establishing the concept of social wage that the Government can introduce more measures on the basis of the existing

employment assistance programmes to protect the basic income of the grassroots, and this is the way to prevent the poor from getting poorer.

Apart from the social wage system, policy objectives such as welfare portability, adjustment of the tax system and the development of new industries have to be studied and adopted by the Government as soon as possible. I think that the Manhattan-style development, which focuses too much on the development of the financial industry, will surely further widen the disparity between the rich and the poor. As we have pointed out earlier in the debate, only through adjusting the tax system, subsidizing the grassroots and allowing the public to bring their existing welfare benefits to other places which are more suitable for them to live, can we prevent people in the lowest strata from suffering more. As to the question of how best more jobs can be created, Mr CHAN Kam-lam has mentioned it in his speech.

Recently, the DAB has conducted a survey and interviewed more than 500 retired elderly persons. We have found that one third of the elderly are satisfied with their retirement life now (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

DR LAM TAI-FAI (in Cantonese): Deputy President, the Government's fiscal reserves have already exceeded \$500 billion, while the foreign exchange reserves have even gone over \$2,000 billion. In terms of figures, our society is in a very healthy and stable financial position. However, behind these beautiful figures, the life of the masses is not so happy. They are under heavy pressure, lacking a sense of security, and unable to know what the future holds, and many of them even fail to make ends meet. This has resulted in the growing discontent in society and the phenomenon of "rich Government but poor people". Why is there such a phenomenon in our society? The core reason is that the Government's policies in several aspects, including the population policy, policy on industrial, commercial and economic development, as well as education and welfare policies, are far from satisfactory, and its efforts in these areas are also far from enough. Although the Government keeps saying "care for the people", if it still sticks to the old rut and refuses to adopt a new mindset in introducing

specific reform strategies, I believe the problem of the disparity between the rich and the poor will keep on worsening.

Hong Kong is a capitalist society which upholds free economy. Without doubt, rich people in the upper strata have a lot of opportunities to make money, but we should not feel jealous or even regard the rich and the businessmen as enemies, with a view to forcing them to become poor people. In fact, the Government should create a satisfactory environment in which subsidies are provided to help the grassroots improve their lot, so that they can live a stable and happy life.

Hong Kong's economic structure and development, focused on the financial and property industries only, have all along been too unitary. In fact, among the 7 million people in Hong Kong, not every one of them hopes to or has the capability to work in the property, financial or banking sectors. Due to the unitary nature of our industries, the choice of jobs has become smaller in society. While it is becoming more and more difficult for the middle and lower classes to find a job, their income is getting less and less.

Moreover, we can see that apart from running big businesses, some consortia and chain stores even carry on small businesses like selling fish and vegetables, and security and cleaning services with a view to "sweeping everything into their nets", such that they can monopolize the entire market. Hence, even if some youngsters and grassroots want to start a small business like running a small shop or a street stall, they will not have any room of development. Compared with the past, now there are fewer and fewer opportunities for them to climb up the social ladder. Going from rags to riches is not an easy task, and it is almost impossible now.

In fact, under the influence of the policy objectives of "positive non-intervention" and "big market, small government", now the Government only pays attention to the financial and property industries but almost turns a blind eye to all the other sectors. Moreover, it has never taken the initiative to help the small and medium enterprises (SMEs) pursue sustainable development. Yesterday when I criticized Secretary Prof KC CHAN, I said that though he realized the impact of section 39E of the Inland Revenue Ordinance on the many innocent enterprises, he still chose to ignore the situation of the sector and the sufferings of the SMEs by repeating the excuse that any relaxation of the Ordinance would result in many practical difficulties in implementation and tax

evasion loopholes. He has never really cared about the sufferings of the SMEs, nor has he ever shown any concern for the unemployment of many workers caused by the difficulties of the SMEs in running their business. He has neither the intention nor the capability to solve these problems. As the representatives of the industry, we can only blame ourselves for being so unfortunate to have encountered such an official.

When enterprises neither have the capital to purchase machinery nor the boldness to invest their capital in such equipment, their competitiveness will surely decline and their business will also be getting worse. In that case, they will inevitably reduce their manpower, and the result is a definite drop in income for both employers and employees. Under such circumstances, the small enterprises as well as the employees will be plunged into poverty.

In fact, I think that instead of racking its brains to carry out poverty alleviation and remedial work, the Government had better tackle the problem at root direct by reducing tilted industrial development. It should also formulate an effective long-term industrial policy to address the issue of imbalanced economic development and manpower mismatch with a view to providing the community with a wider choice of jobs. In this way, more people would stand a better chance in getting a job and earning more income.

Let us take the competition law that we have frequently discussed as an example. Actually, I eagerly hope that the Government will change it to an anti-trust law so as to prevent the consortia from monopolizing the market. The introduction of the competition law may not be able to "hunt the big tiger", but it may have a negative impact on the SMEs, leading to an increase in job loss and a drop in income. If a society fails to provide the SMEs with enough room of development, I believe it can never be a vibrant and dynamic society. Instead, it would only be filled with more and more grievances.

Secretary, we all know that knowledge can help people get out of poverty. However, the university places in Hong Kong are obviously inadequate that every year several thousand students are unable to go to university. Since the Government cannot suddenly increase the number of university places, then will it consider helping some students go to universities in foreign countries or the Mainland through the provision of subsidies or interest-free loans so as to ensure that they can have the opportunity to become the pillars of society in future? In this case, no talents will be wasted. Of course, it is not the end of world even if

you cannot go to university, and it does not mean that you will never achieve success. But in spite of this, more vocational training courses should be organized to enable the youngsters who cannot go to university to acquire some skills. Therefore, I hope the Government will regularly review the demand of the manpower market and support the tertiary institutions in organizing more practical courses to train different kinds of talents.

Deputy President, I would like to share one of my experiences with you. Recently, I often went jogging from my home in Kowloon Tong to Kowloon City after work. Once, I met an elderly woman with a head of grey hair, who I guess is aged over 80, at least. When I saw her, she was pushing a wooden cart which was full of cardboards. It was already after 10 pm, but she was still collecting cardboards in the streets. I believe she must be living in dire straits. When she came to a zebra crossing, as the red light was on, she stopped, and so did I. However, when the traffic light changed to green and I started crossing the road, I found that she was still standing in the same position. Why? I found that she laid her head on her hand, which was holding the wooden cart, and fell asleep. We can imagine that how tired she was. It was already after 10 pm, but she was still pushing her wooden cart in the streets. She was so tired that she had to take a break at the pedestrian refuge, even for just 10 to 20 seconds. Having listened to this story, we may ask: Over the past 13 years after the reunification, has the Government performed satisfactorily in caring for the elderly? This story tells us that its performance is far from satisfactory. Actually, I was very upset when I saw that.

In fact, currently many workers are facing heavy pressure in their living. They have to take care not only of themselves, but they also have to feed their parents and children. Once they lose their jobs, they will be unable to pay rent and school fees. Therefore, great efforts must be made to carry out the livelihood protection programme for the elderly. As a matter of fact, the Government should have been more determined in amending the permissible limit of absence from Hong Kong for "fruit grant" recipients recently. It should adopt an across-the-board approach to abolish the permissible limit so as to allow the elderly to go back to (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, whenever a place undergoes rapid economic development, it is inevitable that a small number of its people there will get rich first. I believe this is not a unique phenomenon on the Mainland. Every capitalist society in the world invariably faces the same situation. What have happened in Hong Kong when we look back on the past 30 years after our economic takeoff in the 1980s? Those who have got rich become richer and richer, while those who have failed to do so become poorer and poorer. Our Government loves to strive to be the number one. Most unfortunately, the disparity between the rich and the poor in Hong Kong also ranks number one in the whole of Asia.

To alleviate the disparity between the rich and the poor, over the years, be it the Legislative Council or the community or even the Commission on Poverty set up by the Government, all of them have actually recommended many different measures and proposals. It is a pity that the Government has turned a deaf ear to all this. I will now use the remaining time to try to summarize the motions proposed in the Legislative Council over the past 10 years on the alleviation of the disparity between the rich and the poor or the assistance for the socially disadvantaged to see how the Government addresses them.

On 18 October 2000, former Legislative Council Member CHAN Yuen-han demanded to conduct studies on establishing a more comprehensive unemployment protection system. Ten years on, we still had to strive for it in the motion proposed last week. On the same day, Mr Fred LI urged to legislate for a quota system for the employment of people with disabilities and set up referral centres for part-time domestic helpers so as to create more part-time employment opportunities for women. As the business sector raised objection, the Government went with the flow and of course, did nothing about these proposals.

On 13 June 2001, former Legislative Council Member CHAN Kwok-keung proposed that a statutory universal retirement scheme for persons not covered by the Mandatory Provident Fund System be expeditiously set up separately. Regarding this proposal, the Government again played Tai Chi tricks to the Legislative Council, insisting that the Mandatory Provident Fund System was perfect. It is ironic that we are going to discuss this topic again next week.

On 16 January 2002, Mr Albert HO proposed to grant a 50% reduction for households comprising elderly persons only. Needless to say, when the

Government considered an assets test even for the application for "fruit grant", how would it grant a direct rental reduction? To discuss the provision of elderly welfare with a government that lacks any sense of respect for the elderly is like playing a lute to a cow.

On 12 June 2002, former Legislative Council Member James TIEN proposed that a comprehensive population policy be expeditiously formulated. The Government did conduct a comprehensive review of the population policy. However, a review is just a review. Have any actions been taken? Have the recommendations been implemented? Everyone has a clear idea of it.

On 30 October 2002, Mr LEUNG Yiu-chung urged various public transport operators to offer half-fare concessions to people with disabilities. I believe Members are well-versed in this motion because it has been proposed every year since then. So far, only the MTRCL has acceded to it. The three bus companies have totally ignored it.

On 29 October 2003, Mr TAM Yiu-chung proposed to reduce the gas, electricity and water tariffs. Apart from the provision of a one-off electricity tariff subsidy to appease public grievances by "handing out candies" in 2008, the Government has no determination at all to resolve the problem of public utilities such as the power and gas companies overcharging the public by means of their franchises.

On 12 November 2003, Mr Andrew CHENG proposed that the public transport fare system be improved. However, to date, even though the fare adjustment mechanism has been put in place, transport fares have been rising instead of dropping. Recently, we still need to strive for permanent transport subsidies for the poverty-stricken grass-roots workers.

On 3 November 2004, Mr Frederick FUNG proposed to comprehensively examine the disparity between the rich and the poor in Hong Kong and establish a poverty line. Mr FUNG actually raised the same motion topic six years ago. Apparently, the Government has not only failed to pay due attention to the problem but allowed it to deteriorate. This problem has remained a big headache to us even now.

On 23 February 2005, the motion was again related to the universal retirement protection scheme. It was raised by Mr TAM Yiu-chung this time around. He just hoped that studies would be conducted. Unfortunately, the Government still turned a deaf ear to it.

Mr Frederick FUNG is indeed concerned about the grassroots. In less than a year, on 2 March 2005, he again urged the Government to establish a benchmark for measuring poverty so as to accurately analyse and assess the problem of poverty in the community. However, the Government has been hitherto reluctant to set an official benchmark for poverty to resolve the problem of poverty.

On 6 April 2005, CHAN Yuen-han this time urged the Government to face up to the feminization of poverty and formulate concrete policies and measures in various policy areas to assist the women in poverty. The Government could turn a blind eye to the well-being of even the elderly, the weak and the disabled, it naturally did not have an unanimous conclusion on women affairs.

On 26 April 2006, Mr LEE Cheuk-yan this time raised the same issue of setting up a universal retirement protection scheme. However, the wordings were stronger, demanding the Government not only to conduct studies but establish a universal retirement protection scheme so that all housewives and senior citizens could enjoy financial security immediately after retirement. The Government once again leveraged on the force of functional constituencies to negative the motion. We are going to discuss this topic again in two weeks' time.

Deputy President, due to the time constraints, I cannot list the motions one by one because such motions were still raised in 2007. If all such motions are listed, and the Secretary has listened carefully just now, he will definitely notice that many of these proposals have been pursued by Members for at least eight years if not ten. However, the majority of them have seen little progress.

Exactly until what year, month and day will the Government be willing to listen and pay due attention to the disparity between the rich and the poor? If one day, (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Mr CHEUNG, your speaking time is up. Does any other Member wish to speak?

MR CHEUNG KWOK-CHE (in Cantonese): Thank you, Deputy President.

MR LEE CHEUK-YAN (in Cantonese): We are very grateful to Mr Frederick FUNG for raising again this motion on the disparity between the rich and the poor. However, the question is that this motion is raised almost every year. Members should remember that the Government established the Commission on Poverty (CoP). As far as I remember, Mr Frederick FUNG and Ms LI Fung-ying were then members of the CoP. However, no matter how the poor are aided, the people are still poor. Of course, this has nothing to do with the members. It is because very often, all the views of the CoP were finally screened by the Government which then chose to accept some ideas and discard some others. Even if a proposal was accepted, only a pilot scheme would be launched. A typical example is the provision of a transport subsidy. Even though the proposal was accepted, only a pilot scheme was launched. After the one-year implementation that allowed eligible low-income workers to receive a whole year of transport subsidy, "the rations were ceased" and they did not receive anything anymore. Subsequently, they were back at square one, receiving no transport subsidy. After N years, the Government would talk about conducting reviews in the first year and studies in the second year. We are now still waiting for the Government's views on the transport subsidy.

I do not wish to discuss the transport subsidy today. I only wish to cite an example to illustrate that even if the CoP had put forward some proposals, the Government did not turn them into long-term commitment. This is the worst thing. Why is it like that? In my view, to put it in a nutshell, it has something to do with the mindset of the Government as a whole. Very often, when we listen to the reply given by Donald TSANG on the question of the disparity between the rich and the poor, his answer is very simple, saying that the problem of disparity between the rich and the poor is present in every country of the world and asking if it means we have to practise egalitarianism; if it means we have to practise communism to redistribute our wealth equally. He uses such empty and general excuses to sweep our worsening disparity between the rich and the poor

under the carpet. Acting like an ostrich, he is absolutely unwilling to face the worsening disparity between the rich and the poor in Hong Kong.

Every capitalist country in the world faces the problem of disparity between the rich and the poor. However, the case in Hong Kong is particularly serious because the gap is getting wider and wider. When a wide gap exists, we cannot just sweep it under the carpet because with a wider gap and growing unfairness, grievances will intensify and so will the sense of disharmony. We always talk about maintaining social harmony in Hong Kong. However, if we do not try to resolve the worsening wealth gap problem I am not saying that egalitarianism should be practised. However, if the gap is getting wider and wider, our whole society will actually eat its own bitter fruit, resulting in greater disharmony, more conflicts and clashes. In the end, worn down amid these clashes, our economic development or even the development of the whole society will be hampered. Hence, the first advice I wish to give the Government is that do not sweep the problem of disparity between the rich and the poor under the carpet, and do not act like an ostrich.

Second, another excuse used by the Government for not resolving the wealth gap problem is that Hong Kong has a low tax regime. I wonder whether the Secretary will repeat later that as we have a low tax regime, Hong Kong cannot adopt too many measures for redistribution of social wealth; and if we want more welfare and poverty alleviation measures, we have to increase our spending and therefore increase taxes. He may repeat this argument again and again. However, there are several major fallacies in this argument: First, do not forget that the Government is now "flooded" to the extent that the entire foreign exchange reserve amounts to over \$20,000. Of course, over \$20,000 The foreign exchange reserve should be over \$2,000 billion and not over \$20,000. The lump sum of over \$2,000 billion cannot all be deployed as public expenditure. However, at least over \$500 billion of the fiscal reserve, coupled with a more or less equal amount of surplus accumulated over the years means at least a total of \$1,000 billion can be mobilized. Under these circumstances, if the Government still tells us that the disparity between the rich and the poor cannot be narrowed citing the low tax regime of Hong Kong having as the excuse, what about the surplus of Hong Kong then?

Second, even if we follow this logic of Hong Kong having a low tax regime, we still have tens of billions dollars in surplus every year, which means it

is all right if our public recurrent expenditure increases by several percentage points a year. It is all right if it increases by 3%; it is still all right if it increases by 4%. It is because under the present circumstances, we actually have sufficient reserves. Some people say that the proceeds from land sales are satisfactory now, but they will turn worse at any time. Honestly, the problem of tax rates must ultimately be solved. We always say that the current profits tax rate of 16.5% is actually quite low. The Confederation of Trade Unions always says that a 10% profits tax should be levied on the small and medium enterprises (SMEs) and a 20% rate on large consortia to set up a progressive profits tax regime. In this way, the revenue will more than cover the many poverty alleviation measures needed at present so long as the Government is willing to break free from this concept.

Why has the problem of the disparity between the rich and the poor remained unsolved? A fatal point is that the Government has always maintained that our expenditure can only account for 20% of the GDP. If the Government upholds this hard and fast rule to limit expenditure by this "golden rule", it is practically impossible to put many measures into practice. Therefore, the Government has only launched a one-off measure now. It has allocated a one-off funding of \$5 billion and urged the business sector to donate \$5 billion to set up the Community Care Fund. If the Government is willing to abandon the concept of public expenditure only accounting for 20% of the GDP, many measures to alleviate poverty or to narrow the disparity between the rich and the poor can actually be paid by the public coffers. However, the Government is not willing to do so.

Even if the Government says that as Hong Kong has a low tax regime, discussions are necessary, then it may as well raise this subject for discussion. The public need to debate on it as well. If we hope that our society will have a greater number of fairer measures in place and better investments in education and healthcare; or if an increase in taxes is proved necessary after discussions, we think we should lend our support. If it is decided in the end that the Government's reserve may not be enough; or if it is necessary to increase taxes to cope with these expenses, we are ready to discuss. But the Government has not raised any of these for discussion. Instead, it has just covered up the abovementioned problems.

Hence, Deputy President, I very much hope that the Government will not assume that by holding a debate on this motion alone will solve the problem because the Government lacks sincerity. I hope the Government will show some sincerity and not to muddle through by only establishing the Community Care Fund (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

MR LEE CHEUK-YAN (in Cantonese): Thank you, Deputy President.

MR TOMMY CHEUNG (in Cantonese): Deputy President, the poverty problem of Hong Kong has all along been a grave concern to all sectors of the community. Worse still, the wealth gap has been growing wider and wider. Data of the Hong Kong Council of Social Service indicate that the poor population in Hong Kong has reached 1.26 million, which is a record high in history. From 1999 to the first half of this year, the median income of the high income group has increased from \$30,000 to \$32,950 and that of the low income group has seen a drop instead of a rise, falling from \$10,000 to \$9,000. The wealth gap has expanded from three times to 3.75 times, which is very undesirable indeed.

Last week, the Liberal Party proposed the motion of "Reviewing the coverage of the safety net" to urge the Government to mend the loopholes in the safety net to narrow the disparity between the rich and the poor. Its essence is the same as this motion despite the fact that they are two different motions. In the motion debate last week, for the first time, 10 amendments were proposed by Members. And a total of 25 proposals were passed. It shows that poverty alleviation is the common aspiration of the public.

The Secretary spent almost one hour last week to speak in reply to give this Council a very detailed account of the existing policies. However, if every time he comes here just to explain, and let Members' views "go in one ear and out the other" and continues to turn a blind eye to the plight of the grassroots, as well as turns a deaf ear to the motion passed in this Council, it is absolutely not the behaviour of a responsible government.

In particular, with the robust financial strength of the Government currently, it really has the ability to do a better job in poverty alleviation especially when we can foresee that the Treasury will be heavily "flooded" again. According to Deloitte's estimates, the Government will have a more than \$70 billion surplus in this financial year. When compared with the original estimated deficit of almost \$30 billion, a difference of \$100 billion will be resulted. If this is the case, it again shows the serious discrepancy of "low at the start and high in the end" in the estimates of surplus by the authorities and their over-conservative approach in public finance management.

Deputy President, the Liberal Party agrees in principle to the original motion proposed by Mr Frederick FUNG on re-establishing a high-level committee to formulate a comprehensive policy on poverty alleviation. The reason is that the Commission on Poverty (CoP) set up by the former Chief Executive TUNG Chee-hwa in 2005 was dissolved in 2007. Many of its recommendations, for example, the setting up of the Child Development Fund and the Transport Support Scheme, have been included in the policy on poverty alleviation. However, a considerable number of its recommendations are still pending complete approval. And the Task Force on Poverty that takes over the CoP co-ordinating and monitoring duties in poverty alleviation has always been almost "invisible". Exactly what this internal Task Force has studied and what it has recommended to the Administration, it is practically impossible for the public to get involved.

For instance, the territory-wide Work Incentive Transport Subsidy Scheme to be launched by the Government will change the application method from using an individual as the unit in the past to a family in future. However, neither consultation has been conducted nor public views collected. This unusual closed-door practice has made the public worry that this change will turn the Scheme "lax on the surface but strict in reality" and substantially reduce the number of beneficiaries.

In comparison, many overseas countries have placed much emphasis on public participation for their poverty alleviation mechanisms. For example, in Britain and Ireland, platforms are set up independent of government departments to allow members of the public to voice their opinions and even formulate

together strategies on poverty elimination. This shows that this closed-door approach of Hong Kong lags far behind the international trend.

The Government has established the Community Care Fund (CCF) with the intention of using the "silver bullet" of \$10 billion unsparingly to step up poverty alleviation. However, to narrow the disparity between the rich and the poor is a long-term effort. Exactly is it the Government's intention to turn the CCF into a second safety net to provide long-term support? Why is it not borne by the public recurrent expenditure? If this is the case, what is the impact when those who slipped through the net are given assistance on a case-by-case basis? All this awaits the detailed explanation of the Government.

In the case of the 211 000 households of employed poor in Hong Kong, many of them are not covered by the CSSA safety net. Does it mean they will be taken care of by the CCF in the long run? What long-term policies of the Government will help them break away from poverty?

The Liberal Party has always pointed out that the alleviation of the poverty problem depends on the support of many different government policies, such as manpower training and economic policies. Other than teaching people how to catch fishes, the Government has to ensure sufficient fishes in the fish pond for fishing. The problem cannot be solved by handing out fishes alone. I believe a high-level committee can play an active role in this.

No matter whether or not the Government finally sets up a high-level committee to take special charge of poverty alleviation duties, the investment of resources in education and training must be stepped up. It is because only in this way can the grassroots be helped acquire fishing skills to enhance their competitiveness fundamentally and increase their chance of upward movement.

Moreover, it is also essential for the Government to actively develop the local community economy and provide adequate support to the six priority industries and the four traditional pillar industries to ensure that low-income earners "have fishes to catch". This is also vitally important. The Government should pay due attention to it.

Regarding the amendments proposed by the two Members, which urge the Government to create more elementary posts and demand Hong Kong to fully

capitalize on the advantages of the development in the Mainland, their targets are the same as that of the Liberal Party. Therefore, we will lend them our support.

Deputy President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, I speak today in support of the establishment of a high-level structure to examine poverty alleviation plans and carry out the related work. It is because the establishment of a high-level structure can precisely show the emphasis placed by the Government on poverty alleviation initiatives and its willingness to make long-term commitment. Moreover, poverty alleviation involves policies such as employment, education and housing. If only one committee or one Policy Bureau bears the responsibility, it is actually quite difficult for it to cope and effect co-ordination. Hence, we hope that should such a high-level structure be established, it will absolutely not merely "engage in talking" but really do something solid. I support the proposal of Mr Frederick FUNG to establish a high-level structure to carry out poverty alleviation initiatives on the condition that it aims to really alleviate poverty and not just "hand out candies" to provide relief.

I think the true meaning of poverty alleviation is to promote upward mobility in society, helping those who help themselves to offer opportunities to encourage people at the lower stratum to try their best to move upwards. Like the popular remark among young people these days, "How to help people 'up one level'?" "Instead of giving people fishes, it is even better to give them the skills of fishing." I wish to cite Sham Shui Po as an example. Sham Shui Po has always been regarded as the poorest district in Hong Kong. However, if you visit some poor families, many of the parents will say that they are willing to work hard. What is their dearest wish? Of course, they do not wish that their children will be like them. Surprisingly, some young respondents have recently expressed their wish to be a CSSA recipient in future. This is really something that we do not want to hear. How can we solve the problem of inter-generational poverty?

To put it simply, our policy on poverty alleviation should help them shake off poverty, rather than merely "hand out candies". Of course, in society with disparity between the rich and the poor like Hong Kong, it is essential to provide relief because it can meet immediate and urgent needs. However, the provision

of relief can only maintain the *status quo*, that is, allowing them to survive but cannot enable them to shake off poverty. Therefore, I very much hope that should a high-level committee be established in future I think Mr Frederick FUNG has deliberately used the term "high-level". In my view, the entire economic structure may be covered. If we merely increase the provision of relief and only subsidize their current needs to facilitate their survival below the poverty line, we will just have to hand out more and more relief, and even more and more people will need such relief because they cannot see that they have a chance to "up one level".

I think efforts in this regard should tie in with education. We are now saying that education cannot be furthered, but how can we give top-notch students a boost and slow learners a helping hand? Can small class teaching be implemented to enable children in poverty to have an equal chance to "up one level" as long as they have the natural endowments? I think there are imperfections in the existing education policy. In particular, some better quality schools have joined the Direct Subsidy Scheme. The school fees of these schools In the past, when we were in our secondary school years, as long as we got good results in the Secondary School Entrance Examination, we would be admitted to a good school. However, nowadays, many good schools in the past have turned into Direct Subsidy Scheme schools, making it impossible for children in poverty to attend these schools. In this case, how can they strive to be the most outstanding group in society? How can they get an equal chance of upward movement through their own efforts?

Of course, I understand that if we wish to increase the resources for poverty alleviation, the Government must note whether our tax base will be affected. In principle, I am personally most unwilling to see a change in the core structure of our tax regime. I think the low tax regime of Hong Kong still has a strong attraction. Therefore, the scenario I am more willing to see is that poverty alleviation initiatives can be satisfactorily carried out without any changes to the fundamentals of our tax regime. However, if something really has to be done about our tax regime, I believe not only the wealthiest enterprises will be involved, all members of the public also have to participate in the consultation to discuss exactly how big an increase will be accommodated by the standard of our tax regime. I think this consultation cannot just involve calculations on a hard formula.

In this regard, I think the Government should allocate more resources to really put our knowledge-based economy into operation. I am aware that the Government always stresses knowledge-based economy. However, it has failed to bring it to the grassroots community. Therefore, I would like to discuss here the second amendment proposed by Mr CHAN Kin-por, to which I very much agree. Over the years, I have maintained that the Government lacks long-term population planning, particularly in respect of the migrant population. I think that the migrant population does not comprise only low-skilled and low-qualification people. Among them, some are relatively well-off. I think the current increase in the rate of the stamp duty is a good idea. It may not necessarily involve the structure of our tax regime, but it can rake in more revenue. However, how should such revenue be used? I think it should be spent on poverty alleviation.

Hence, I think the long-term planning of the Government should aim at examining ways to enable more people to join the workforce so that they can have a job. For instance, in the increasingly unpopular construction industry, how can we make workers have a sense of dignity and a status; how can we provide them with training to attract young people to join the industry and therefore increase the employment rate; how can we upgrade their pay package from a casual to a long-term basis? A number of infrastructure projects will be launched in Hong Kong in future, such as the West Kowloon Cultural District project and other major projects. As the Secretary said, these projects will see an increase in an organic and orderly manner. The types of job will naturally increase then. If the unemployed or young graduates about to become unemployed can be attracted to join the industry, giving them the hope that they will become skilled workers in two to three years' time and have the chance to "up one level", and despite the toil, they can rely on themselves to earn money, then they will not think of maintaining their living by CSSA.

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up.

DR PRISCILLA LEUNG (in Cantonese): Thank you, Deputy President.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, Mr Frederick FUNG, you may now speak on the two amendments. You have five minutes.

MR FREDERICK FUNG (in Cantonese): Deputy President, these two amendments actually have different focuses. The amendment proposed by Mr CHAN Kin-por highlights the source of people in poverty, such as new arrivals to Hong Kong and some low-skill and low-qualification people. As to the second amendment, that is, the one proposed by Mr WONG Kwok-hing, it highlights the source of wealth. If we focus on economy-driven jobs, such as those in the finance and real estate industries, people may have the chance to get rich. However, if restructuring is not mature, uneven distribution in society will be resulted. These two issues actually do not conflict with my original motion. They just point to different focuses. Therefore, I agree to these two amendments.

However, I wish to highlight one point here. Actually, we have stressed in the two amendments as well as the original motion that the role of the Government must change. The Government cannot keep itself so small, like in the past "big market, small government" concept, that it takes no actions at all. We now hope that it will no longer be "a small government", but a government in action instead of a government in no action. Once problems arise, it must intervene and participate, as well as dial up the vigour. Other than intervening, participating and dialling up its vigour, more importantly, it must have a direction. As far as I am aware, Chief Executive Donald TSANG finds having a direction most disagreeable and disgusting. It is because having a direction will easily lead to an ideological fight or a debate, resulting in heated arguments. However, without a direction, it would give rise to the current situation of Hong Kong. A choice has to be made ultimately. Regarding the administration of Hong Kong by the governing team led by the Chief Executive, I do not see why the direction has to be determined by the market.

Although it has been mentioned by many Members, I have to reiterate here that the disparity between the rich and the poor has been clearly reflected in two different sets of figures. One of them is the Gini Coefficient always cited by Members. It rose from 0.518 in 1996 to 0.533 in 2006. It stood at 0.533 in 2009. When the Gini Coefficient is greater than 0.5, it gives a danger signal. In the past, the Government debated this figure with us. I remember the Secretary, when debating with us, pointed out that we had omitted public housing, education, welfare, and so on, in our calculation. Otherwise, the results would be better. It really looks better. I wish to share with you some figures. The Gini Coefficient, after including the above factors in the calculation, was 0.466 in 1996, 0.470 in 2001 and 0.475 in 2006, which means 0.518 becomes 0.466, 0.525 becomes 0.47 and 0.533 becomes 0.475. However, after deducting taxes and welfare, the danger line of the so-called post-transfer Gini Coefficient is set at 0.4 instead of 0.5, which means that no matter whether these factors are included or excluded in the calculation, we are above the danger line. Therefore, I think the authorities should not resort to sophistry, claiming that the welfare they provide is enough to cope with this problem properly.

Besides, I think it is actually pointed out in the three motions, that is, the original motion and the amendments that market forces have failed to help solve the problems of Hong Kong, particularly the poverty problem and the disparity between the rich and the poor. Among the industries in the market, the real estate and finance industries are the strongest. Perhaps the market is dead. This is a rotten market. Why do we still have to rely on this rotten market?

Three Members, including Dr PAN Pey-chyou, Dr LAM Tai-fai and I have mentioned in the debate that the operation of the market is driven by money. Although Dr PAN Pey-chyou said — I have never used the term "unscrupulous businessmen", but we are talking about the same thing. When people keep earning every cent in the market, and keep saving every cent to earn the biggest amount of money, the market mechanism will change like this. However, in order to earn more and fare better, mergers are inevitable to enhance competitiveness. Due to such conduct, the free competitive market is replaced by a monopolized market. For this reason, the reliance on market forces does not work anymore.

Lastly, I wish to talk about a Japanese movie, High and Low, directed by Akira KUROSAWA, I watched in my secondary school years. The movie is about the life in a slum. When people living there look up the hill, they can see

a heavenly luxury house with ceiling-to-floor windows, a garden, a swimming pool and cars coming and going. These people living in the slum are hard working, going out to work early in the morning and returning home late in the evening. However, no matter how hard they work, they remain living in the slum. They even have to collect scraps and live among rubbish. Some people cannot stand anymore. They put the blame on the people living in the luxury house and do something bad to hurt those wealthy people. I believe the people of Hong Kong will not behave like those people living in the hell in High and Low (*The buzzer sounded*) I hope the Government will take note of such situations.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, again once I thank Mr Frederick FUNG for proposing the motion today. I also thank the 20 Members for putting forth many useful and concrete views just now to give me and the authorities a very good chance to think.

Deputy President, when I spoke in my opening address, I stated at the outset that the Government had never evaded the poverty problem and the disparity between the rich and the poor. In fact, we have always looked at this problem squarely, handling this problem proactively, pragmatically and seriously. We have done our utmost to alleviate poverty and provide relief. Some Members criticized us for listening to their views at every motion debate but keeping our policies unchanged. I find these criticisms unfair. Why? If Members care to take note of the assistances given to the grassroots over the past few years, they will find the authorities have actually made a lot of efforts and done a lot of work. Please allow me to cite several simple examples. First, the implementation of a minimum wage is not easy to come by, and it signifies the Government's sincerity and commitment in this aspect and its heart to help the grassroots. Second, the authorities have accepted Members' views and extended the cross-district travel subsidy scheme to all 18 districts. If such initiatives are not the Government's responses to public aspirations, what else can they mean? Therefore, please be fair and base on facts in making comments.

A number of Members mentioned just now that the problem of a widening gap in household incomes has led to an increasingly serious poverty problem. This we fully understand. However, Members have to understand that the

income gap and poverty are two different concepts. In theory, even if the income of the low-income earners increases and their living actually improves, it does not mean the income gap in society as a whole has been narrowed. Why do I say this? Because the well-off will benefit from the economic growth at the same time. Hence, the gap is still there. Nevertheless, as Members are clearly aware, the Government has over the years provided heavily-subsidized public services through taxation policies and in such areas as education, medical services and housing to promote the transfer of social benefits to narrow the income gap.

Mr Frederick FUNG said in his speech just now that the Government had resorted to sophistry regarding the Gini Coefficient. This is absolutely not the case. Perhaps please allow me to give a simple analysis of some objective data which are facts cast in iron. If the Gini Coefficient is adopted to analyse the income gap, in 2006, the unadjusted Gini Coefficient of Hong Kong was definitely 0.533. However, if the effect of taxation and other social subsidies such as housing, medical services and education is included in the calculation, and if the drop in the number of household members is discounted — this point must be included in the calculation — in 2006, the adjusted Gini Coefficient was actually 0.427, which is the same as that in 1996 (that is, 10 years ago). When compared with the figure in 2001, it just posts a slight increase of 0.006. It shows that in this 10-year period, the income gap in Hong Kong actually did not see any considerable change, and the measures of the Government did produce a certain effect on wealth distribution. Although I have made these remarks, it does not mean that we think the problem is not serious. We will continue to make efforts in the hope of alleviating poverty and providing relief as far as possible.

A Member has suggested that a poverty line and anti-poverty indicators should be set. These proposals were actually frequently raised in past discussions. I will again respond to them briefly. I wonder Members would still remember the comments of the former Commission on Poverty (CoP), namely Hong Kong is basically an affluent city and the poverty problem should be examined in a more comprehensive and objective manner instead of only applying the concepts of the so-called "absolute poverty" and "the ability to maintain basic living" or only paying attention to the household income. We must, at the same time, consider the actual situation and needs of the poor and their family, including whether they can get services and opportunities in their daily life such as in such areas as housing, medical services, education and employment.

The Government agrees to the view of the former CoP — Mr FUNG was also one of its members then — so the Government has all along adopted the set of 24 diversified indicators recommended by the CoP to examine the poverty problem of Hong Kong from different perspectives, so as to understand the needs of different social groups, including children and youngsters, people in employment and the elderly, as well as residents in the district. In addition to the policies and measures of the Government, many factors will also affect the poverty situation. Therefore, it is very difficult to set specific poverty alleviation targets. This set of diversified indicators can help us formulate various policies for the needy and assess the effectiveness of these policies.

According to the criteria set by the former CoP, the poverty situation of Hong Kong actually saw continuous improvement before the financial tsunami in 2008. The poor population dropped gradually from 1.03 million in 2003 to 710 000 in 2008. Impacted by the financial tsunami, the economy of Hong Kong was hard hit and started to fall into recession in the fourth quarter of 2008. The poor population did rise to 840 000 in 2009. However, along with the steady economic recovery starting from 2010, the labour market has continued to see significant improvement. The unemployment rate has dropped from the 5.5% peak last year to the recent 4.2%. The total number of people in employment has risen five months in a row and the number of newly-created jobs has accumulated to 48 000 over the past five months. In June this year, the year-on-year nominal wage has also recorded a 2.2% growth. The number of CSSA applications has continued to drop. The number of CSSA cases has decreased from 289 000 at the end of last year to 285 000 in October this year. Among these cases, the number of CSSA unemployment cases has seen a drop from 33 000 to 30 600, indicating a downward trend.

Deputy President, irrespective of the size of the poor population, it is the responsibility of the Government to take care of the socially disadvantaged and protect the living of the grassroots. The Government has all along upheld a pragmatic and all-round strategy to cope with this issue. As Members are well aware, the Chief Executive categorically pointed out in the Policy Address this year that the basic way to narrow the disparity between the rich and the poor is to develop the economy to allow people to share the fruits of prosperity. Besides, the Government will continue to invest in education, promote social mobility, provide employment support, upgrade the quality of the working population and

assure workers' wages at a reasonable level. Of course, the implementation of a minimum wage is a breakthrough. Moreover, the Government will maintain a solid and sustainable safety net, that is, the social security system for the needy and the socially disadvantaged.

Mr WONG Kwok-hing has urged the Government to adopt an employment-oriented strategy of economic development. I totally agree to this. I would also like to thank him for giving me this latest report. I have also read the reports in the past. I also wrote the foreword for this latest report. In fact, economic development helps create jobs, therefore improving people's income and providing them with the chance of upward movement. Hence, the Government has always promoted economic development through implementing infrastructure projects and encouraging investment. Over the past few years, we have actively launched works projects such as the major 10 infrastructure projects, Kai Tak cruise terminal project, the Disneyland expansion project, and so on. We have also given impetus to the development of local community economy and social enterprises to create many posts for various strata, particularly the grassroots.

Moreover, the Chief Executive proposed as early as in the 2007-2008 Policy Address that the link with the Mainland had to be strengthened to tie in with the State's 12th Five-Year Plan. To ensure that Hong Kong can further capitalize on our advantages, we have to strive to enhance our international status as a financial, trade, shipping and logistics centre and fortify our four pillar industries. As Members are well aware, the four pillar industries include finance industry, trade and logistics industry, tourism industry and commercial and industrial support and professional services industry. We have to seize the development opportunities on the Mainland and develop the six priority industries, namely, testing and certification, medical services, innovation and technology, culture and creative industries, environmental industry and education services. We have to explore actively new markets for the services industry of Hong Kong to bring new economic growth points in the long run, so as to provide more job opportunities and boost people's income to promote upward mobility.

The Government has always believed that to vigorously invest in education and manpower training and to enhance the quality and competitiveness of the working population are the permanent cure for tackling inter-generational poverty and promoting social mobility.

As Members may be clearly aware, the current expenditure on education accounts for around 24% of the public recurrent expenditure, which is the highest among the various policy areas. Therefore, education can be considered our largest investment item. The Government has, in recent years, introduced the Pre-primary Education Voucher Scheme, implemented 12-year free education, subsidized Internet studies for school children and supported after-school studies for students in poverty. From the 2010-2011 school year onwards, the annual funding for the After-school Learning and Support Programmes will substantially increase from the current \$100 million to \$175 million to enable schools and non-governmental organizations to organize more higher-quality school-based and district-based extra-curricular activities for students in poverty. Besides, in the 2011-2012 school year, the Government will also substantially increase the flat-rate grant of the School Textbook Assistance Scheme to \$1,000. In addition, the Flat-rate Grant for Selected Items of school-related expenses for full-day primary and secondary students of CSSA families will also be adjusted upwards correspondingly. Moreover, the Government has set up the \$300-million Child Development Fund to support the long-term personal development of socially-disadvantaged children to reduce inter-generational poverty.

Mr CHAN Kam-lam pointed out in his speech earlier the importance of manpower training and manpower quality enhancement. I totally agree to Mr CHAN's view. Through the Vocational Training Council and the Employees Retraining Board, we have offered training and retraining programmes to help trainees acquire necessary vocational skills and recognized qualifications to boost their employability and competitiveness. The relevant services will cater for the training needs of people in different age groups. For example, the Youth Training Programme is designed for young people, and the targets of the Skills Upgrading Scheme are the middle-aged. The Labour Department (LD) has, in 2009-2010, strengthened a series of special employment schemes to provide assistance for people of different backgrounds encountering employment difficulties, which include the merging of the youth support programmes of the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme, and the Employment Programme for the Middle-aged. We will continue to enhance the ability and competitiveness of our working population through strengthened training and retraining.

Regarding the protection for grassroots workers and the support for employment, we anticipate that the statutory minimum wage will come into full force on Labour Day (that is, the first of May) next year to protect the grassroots workers, writing a new page in the labour history of Hong Kong. To tie in with the implementation of the statutory minimum wage, in addition to the continuous strengthening of the employment services for young and middle-aged people and those with disabilities, the LD will, at the end of this year (that is, next month), launch a two-year Pilot Employment Navigator Programme, and set up a pilot one-stop employment and training centre in Tin Shui Wai in the middle of next year to regularize, consolidate and enhance the employment and training/retraining services currently provided by the LD, the Social Welfare Department and the Employees Retraining Board, with a view to offering more targeted support to job seekers.

Deputy President, regarding the setting up of a safety net, as I mentioned in my opening remarks, Hong Kong has already in place a sound social security system now. The Government has all along provided many free or heavily-subsidized services in several important areas such as education, health and housing. A concrete example is that in 2010-2011 (that is, this year), the public recurrent expenditure on the four major policy areas of social welfare (including CSSA, Old Age Allowance and Disability Allowance), education, health and housing is \$139.2 billion, representing 57.2% of the public expenditure of the entire SAR Government. This clearly shows our commitment.

Mr Frederick FUNG has proposed in the original motion the establishment of a high-level committee by the Government to tackle the poverty problem. This proposal is similar to the reinstatement of the CoP advocated by Members earlier. I wish to point out that after the former CoP completed its mission in 2007, the inter-departmental Task Force on Poverty was immediately set up by the Government. I wish to stress that it is an inter-departmental unit, not only comprising the Labour and Welfare Bureau. The Task Force is chaired by me to deal with the co-ordination and promotion work. All Policy Bureaux and departments, with over 20 high-ranking colleagues, are involved. We are responsible for following up the 53 proposals recommended by the former CoP, as well as co-ordinating efforts within the Government in promoting and implementing poverty alleviation initiatives. Mr WONG Sing-chi thinks that I am the only one responsible. However, I have to stress that I am not fighting

alone. I am neither Hercules nor Super Man. Actually, the job is done with the collective wisdom and concerted efforts of every level, high and low, in the Government. The Task Force is responsible for fully implementing the 53 proposals recommended by the former CoP. As Members are well aware, the majority of these proposals have been put into practice or are being carried out. Please allow me to repeat several examples: The establishment of the Child Development Fund; the upgrading of the remote-district Transport Support Scheme to the territory-wide Work Incentive Transport Subsidy Scheme that covers all 18 districts; the strengthening of training and retraining provided for the youth, the middle-aged and the unemployed; the setting up of the one-stop employment and training centre in Tin Shui Wai — which is proposed by the CoP — to promote tripartite co-operation among the people, the business sector and the Government in the development of social enterprises to create job opportunities for the socially disadvantaged. We think this arrangement is appropriate. The Task Force on Poverty will closely monitor the poverty situation in Hong Kong, continue to strive to co-ordinate the poverty alleviation initiatives of different government departments, and explore new measures that can help the socially disadvantaged and the needy.

As I mentioned earlier, it is clearly presented in the Policy Address this year that the SAR Government tackles the disparity between the rich and the poor in three different areas, that is, investment in education, support for employment and provision of social welfare. Should Members do an analysis of the Policy Address this year, they will note that our focus is on the investment in these items. This reflects that the Government is united in showing our determination and commitment through real actions. This is what really matters, and not the establishment of another committee.

Mr CHAN Kin-por hit the nail on the head when he highlighted the close relationship between the population policy and the poverty problem. I would like to thank him for his valuable insight. New migrants coming from the Mainland for family reunion in Hong Kong have brought growth in population to our society. We welcome this because Hong Kong needs a growing in population. However, while they bring along growth in population, they add to the number of low-skill workers. Faced with this reality and challenge, we must make unflagging efforts to continue to provide training and retraining for new arrivals in need, so as to boost their employability and enhance their employment

opportunities and competitiveness. New arrivals can enrol in all related programmes of the Employees Retraining Board (ERB) as long as they meet the requirements of the programme. We welcome their enrolment on these programmes. Moreover, the ERB has designed some special programmes to help them adapt to and enter the local labour market. One of the examples is the full-day Employment Basic Skill Certificate course which has provided new arrivals with all-round basic skill training. Moreover, the ERB has collaborated with the Social Welfare Department to make use of the latter's Neighbourhood Support Child Care Project to provide child care services for children so that trainees can devote themselves all the way through the course to receiving training with their mind at ease.

Deputy President, many Members mentioned the Community Care Fund (CCF) earlier. The establishment of the CCF marks the Government's mobilization of public figures and the industrial and commercial sectors to join hands to alleviate poverty and provide relief. Members are clearly aware that the Government actually has two wishes in establishing this Fund: The first wish is to make up for the uncovered areas in the existing social services and assistances; the second wish is to help the Government continuously improve the relevant services related and the social security system through the accumulation of cases and the experiences of concrete cases. We are confident that the CCF will provide more targeted and more flexible support to the needy, and produce an active and positive effect on poverty alleviation and relief provision.

Deputy President, to alleviate poverty and provide relief is a key area of work of the Government. We will continue to tackle the poverty problem in a pragmatic and unflagging manner to provide grassroots in need with assistance through multi-pronged policies and support services.

Deputy President, I so submit.

DEPUTY PRESIDENT (in Cantonese): I now call upon Mr CHAN Kin-por to move the amendment to the motion.

MR CHAN KIN-POR (in Cantonese): Deputy President, I move that Mr Frederick FUNG's motion be amended.

Mr CHAN Kin-por moved the following amendment: (Translation)

"To delete "over the years, the seriously tilted social and economic policies of the Government" after "That" and substitute with ", as the Government has for a long time over-emphasized individual industries and there is a lack of comprehensive and balanced development strategy"; and to add "in particular issues such as the population policy causing a substantial increase in the demand for low-skill and low-qualification jobs and ways of creating large numbers of elementary posts," after "implementation of measures,"."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHAN Kin-por to Mr Frederick FUNG's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

DEPUTY 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.

DEPUTY PRESIDENT (in Cantonese): Mr WONG Kwok-hing, as the amendment by Mr CHAN Kin-por has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you may speak for up to three minutes to explain the revised terms in your amendment, but you may not express further views on the motion and the amendments, nor may you repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR WONG KWOK-HING (in Cantonese): Deputy President, I move that Mr Frederick FUNG's motion, as amended by Mr CHAN Kin-por, be further amended by my revised amendment.

Deputy President, I made my points very clearly in my speech earlier, so I have nothing to add. In my opinion, the original motion and our two amendments address the issue of how to reduce the wealth gap from different perspectives. They are different means to the same end.

Mr WONG Kwok-hing moved the following further amendment to the motion as amended by Mr CHAN Kin-por: (Translation)

"To add ", fairly and impartially" after "effectively"; to add "and set targets on eradicating poverty" after "poverty alleviation measures"; and to add ", especially the socially disadvantaged," after "enable all social strata"."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Sing-chi's amendment to Mr Frederick FUNG's motion as amended by Mr CHAN Kin-por, be passed.

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

(Members raised their hands)

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

(No hands raised)

DEPUTY 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.

DEPUTY PRESIDENT (in Cantonese): Mr Frederick FUNG, you may now reply and you have still got five minutes and six seconds. This debate will come to a close after Mr Frederick FUNG has replied.

MR FREDERICK FUNG (in Cantonese): Deputy President, the Secretary's remarks are, like I said, just a repetition. In the face of the Asian financial crisis in 1999, our SAR adopted a round of poverty alleviation measures by handing out money. When SARS broke out in 2003, we also handed out money to alleviate poverty. In the financial tsunami of 2008, we handed out money again to alleviate poverty. The money handouts on these three occasions alone have already exceeded \$100 billion. If added to what the Secretary has been recounting in the last 20 minutes, and all the initiatives he kept on recounting last week, what is the result? Even though he admitted that there are such factors as housing, education and even the reduced number of households — we have a name for it, called "computation of the post-tax post-social transfer Gini Coefficient" — he also said that the coefficient is 0.457, and any figure above 0.4 implies a crisis. That means his figure also indicates that the current situation is dangerous. Secretary, why are we still in a crisis after so much has been done in the past decade? Have you thought about why this situation persists? It is not that he has done nothing, but why doesn't it work when so much is being done? It is because of the outdated mindset and the wrong direction of leaving everything to the market.

What I want to say next is: Some Honourable colleagues said that knowledge could change the conditions of poverty. It is correct in theory, and in principle. However, some figures tell me that changes are possible on this issue. I hope the Secretary can pay attention to them. The figures provided to us by the Hong Kong Council of Social Service show that our population in poverty earning less than half the median wage is 1.26 million, accounting for 18.1% of the total population in Hong Kong. The majority of the population aged over 65 is not educated. The proportion of poor people among those aged over 65 is 33.9%. The poverty rate of those aged 15 to 24 who have received nine years of free education in Hong Kong, some being tertiary students, is 20.1%, which is higher than the Hong Kong average of 18.1%. In other words, being educated or having received the most basic education does not give much an edge in competition. Therefore, it may not be correct to say that education can change the conditions of poverty.

Just now I cited the film *High and Low* as an example. I am not saying that Hong Kong people harbour hatred against the rich as those characters in the film do, but this tendency is not impossible. Mr LAM Tai-fai said just now that as major developers have even brought all the jobs and positions of cleaning companies and security guards under their umbrellas, small and medium enterprises are unable to survive, let alone those low-income people. However, I hope for the better that Dr PAN Pey-chyou can be a bit more "infuriated". He is too accommodating to the business sector.

To address the problem of wealth gap, we must establish new economic pillars instead of letting the market deal with it. I fully agree with and support the Government's efforts in developing the six pillar industries. Apart from setting aside a few pieces of land, what the Government has done after that is only to wait. It has been more than a year, and it will be two years soon. What are the results? What is the conclusion? What is the achievement? Why has the Government not submitted these reports to us? We want to read these reports.

I reiterate that the wealth gap problem cannot be solved by merely handing out money, nor alleviating poverty, but by finding out how to introduce new economic drivers. These new drivers can help us and give our people an opportunity and handle to turn around. This must be and can only be driven and promoted by the Government, and the responsibilities for these six economic

pillars must also be spread across departments and bureaux with the support of policy.

Once I went to Taipei. MA Ying-jeou was the mayor at the time. He was implementing measures to collect food waste, which likewise could not be successful without any push by the local government, including facilitating at least the first six years of operation by offering cheap land, low rent and subsidy to refuse collection operators. If required to run a losing business, no businessman would be willing to help. This is the situation with a free market, where making money is the goal.

Moreover, how can we convince people that they possess the ability and vision to expect success of themselves too? Social enterprise is one solution. In Spain, co-operative is an alternative solution. But of course, co-operatives in Spain are different from ours. People should be convinced that they can fare better if they are willing to work hard and be innovative, but this is not the case in Hong Kong. The business sector demoralizes people right from the beginning, leaving them no room of development. It is essential that the Government's policy What has the Social Enterprise Advisory Committee ever done? Although established for more than one year, it has never made a recommendation, and we still have this \$1.5 billion Enhancing Self-Reliance Through District Partnership Programme. People have to fend for themselves and mind their own business after getting the money. It seems like giving birth to a baby but then not raising it up and neglecting it, because the Government is worried that once it helps, the business sector would put the blame on it. In fact, it is exactly these disadvantaged groups who rely on the Government's support to stand up, and this approach can also enable some intelligent people to build their own business and career by this method and with this platform. Secretary, please positively and actively consider the problem of poverty (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Time is up for your reply.

MR FREDERICK FUNG (in Cantonese): not merely by handing out money, but by "handing out policy".

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Frederick FUNG, as amended by Mr CHAN Kin-por and Mr WONG Kwok-hing, be passed.

DEPUTY PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

DEPUTY 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 as amended passed.

NEXT MEETING

DEPUTY PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 1 December 2010.

Adjourned accordingly at twenty-two minutes to Six o'clock.