

The Legislative Council Meeting on 24 November 2010
Motion on “Alleviating the disparity between the rich and the poor”

Progress Report

At the Legislative Council Meeting commencing on 24 November 2010, the motion on “Alleviating the disparity between the rich and the poor” moved by Hon Frederick FUNG Kin-kee and amended by Hon CHAN Kin-por and Hon WONG Kwok-hing was carried. The wording of the motion is at Annex. This is a report on the follow-up action taken by the Administration.

Fostering economic development

2. In addressing the question of wealth gap, the Chief Executive pointed out in his 2010-11 Policy Address that it was important to enable the community to benefit from economic development and share the fruits of prosperity. The Financial Secretary (FS) also stated in his 2011-12 Budget that we had to seize the opportunities of Mainland development and strive to consolidate and elevate the functions and roles of Hong Kong in the development of our country by complementing the National 12th Five-Year Plan. We will also deepen co-operation with Guangdong Province, Macao, Taiwan and other regions and enhance the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (i.e. CEPA) to sharpen our competitive edge in the global market.

3. To ensure that Hong Kong can further leverage its advantages during the National 12th Five-Year Plan period, we will strive to enhance Hong Kong’s status as an international centre for financial services, trade, shipping and logistics. We will strengthen the four pillar industries, namely financial services, trading and logistics, tourism, and business and professional services. We will seize the opportunities of Mainland development for developing the six industries where Hong Kong enjoys clear advantages, namely testing and certification services, medical services, innovation and technology, cultural and creative industries, environmental industries, and education services. We will also promote the development of wine trading and explore new opportunities in emerging markets to promote the diversification of our economy. Besides, the government has been investing continuously in

infrastructure to promote growth. The estimated capital works expenditure for 2011-12 will reach a record high of over \$58 billion, and will exceed \$60 billion for each of the next few years.

Investing in education

4. In the 2010/11 school year, school-based grants amounting to about \$65 million have been disbursed, under the School-based After-school Learning and Support Programme implemented by the Education Bureau, to 849 public sector schools and schools under the Direct Subsidy Scheme, benefitting up to 163 100 students. As regards community-based projects, funding of about \$110 million has been approved for 309 projects organised by non-governmental organisations, benefitting about 68 600 students.

5. In 2011-12, the estimated expenditure on education will amount to more than \$54 billion, accounting for 22.5% of the recurrent government expenditure. To strengthen support for students from low-income families, the FS proposed in his 2011-12 Budget to relax the income ceiling for the full level of student financial assistance under the means test mechanism, benefitting about 75 000 students. At the same time, he proposed to adjust the existing tiers of financial assistance for post-secondary students so that about 22 000 post-secondary students would pass the means test and receive more assistance. The above two measures involve additional expenditures of \$300 million and \$140 million respectively. The government has also reserved \$110 million to launch, in collaboration with local tertiary institutions, a three-year pilot programme to provide after-school homework guidance for primary school students from low-income families. Besides, the government will set up a Self-financing Post-secondary Education Fund with a total commitment of \$2.5 billion for the development of self-financing post-secondary education.

Developing social enterprises

6. In his 2011-12 Budget, the FS announced that \$150 million had been earmarked to sustain the operation of the Enhancing Self-Reliance Through District Partnership Programme over the next five years. The maximum funding period is extended from two years to three years, and the eligibility requirements are relaxed on a pilot basis to cover non-profit making organisations which are not exempt from tax under the

Inland Revenue Ordinance. The government will also introduce an award scheme and a series of structured training programme to foster a social enterprise (SE) spirit and nurture talent in this field, and launch a “Be a Friend to SE” Campaign to further encourage private enterprises to provide support to SEs. Moreover, the Home Affairs Bureau will organise a Social Enterprise Fair to promote socially responsible consumption.

Community Care Fund

7. The Steering Committee on the Community Care Fund announced earlier this month that 10 assistance programmes would be rolled out in phases in 2011-12 to help needy people who had economic difficulties. Funds have also been set aside for three other programmes, details of which are being considered. The first 10 programmes would benefit some 300 000 people and the full-year estimated expenditure would be around \$730 million. The Steering Committee plans to seek funding approval from the Finance Committee of the Legislative Council on May 6 for a \$5 billion injection into the Fund. It will continue to study other programmes which have not yet been funded.

One-off relief measures

8. Having regard to the possible impact that the recent inflation and rising prices may have on people’s livelihood, the FS announced in his 2011-12 Budget a series of one-off measures to ease the economic pressure on them. The measures include granting a subsidy of \$1,800 to each residential electricity account; paying two months’ rent for public housing tenants; providing an extra one-month allowance to recipients of the Comprehensive Social Security Assistance, Old Age Allowance and Disability Allowance, etc.

Labour and Welfare Bureau
Financial Services and the Treasury Bureau
Commerce and Economic Development Bureau
Education Bureau
Home Affairs Bureau

April 2011

(Translation)

**Motion on
“Alleviating the disparity between the rich and the poor”
moved by Hon Frederick FUNG Kin-kee
at the Legislative Council meeting commencing
on Wednesday, 24 November 2010**

Motion as amended by Hon CHAN Kin-por and Hon WONG Kwok-hing

That, as the Government has for a long time over-emphasized individual industries and there is a lack of comprehensive and balanced development strategy, 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, 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, to formulate, through public engagement and consultation, comprehensive and sustainable social and economic development strategies that give consideration to all social strata, effectively, fairly and impartially allocate social resources and narrow the disparity between the rich and the poor, and at the same time implement appropriate poverty alleviation measures and set targets on eradicating poverty, so as to enable all social strata, especially the socially disadvantaged, to truly share the fruit of economic success and promote the harmonious development of society.