

Legislative Council Meeting of 1 September 2021
Motion on “Resolving social conflicts and
eradicating disparity between the rich and the poor”

Progress Report

Purpose

At the Legislative Council (“LegCo”) meeting of 1 September 2021, the motion on “Resolving social conflicts and eradicating disparity between the rich and the poor” moved by Hon Alice MAK was passed (full text of the motion at [Annex](#)). In respect of Members’ major concerns, this paper sets out the actions taken by relevant policy bureaux in the respective areas.

Poverty Alleviation and Support for the Disadvantaged

2. As the Chief Executive has pointed out in the 2021 Policy Address, it is the responsibility of the Government to take care of those in need by providing a social safety net through income redistribution. According to the poverty statistics released at the end of 2020, the size of the poor population in 2019, after taking into account all the cash and public rental housing benefits, decreased significantly from the pre-intervention 1.49 million to 0.64 million. This shows that the safety net has effectively achieved the function of income redistribution by providing concrete support for the grassroots. As a matter of fact, the Government’s recurrent expenditure on social welfare, education and health has increased by 33% from \$208.2 billion in 2017-18 to \$277.0 billion in 2020-21.

3. The current-term Government has significantly improved cash welfare over the past few years. First, the introduction of the Higher Old Age Living Allowance (“OALA”) has enabled some 570 000 elderly persons to receive a higher monthly allowance of \$3,815. Second, enhancements to the Working Family Allowance Scheme have substantially increased the rates of allowances and relaxed the eligibility criteria. Third, a series of measures to improve the Comprehensive Social Security Assistance have been implemented, including substantially

increasing the rent allowance and relaxing the eligibility for a range of special grants. As a result of the implementation of various improvement measures, the total recurrent expenditure on cash welfare has increased to \$67.4 billion in 2021-22, which is 56% higher than that in 2017-18. The Chief Executive has announced in the 2021 Policy Address that the Government plans to merge the Normal and Higher OALA in the second half of 2022, so that the more lenient asset limits of the Normal OALA will be adopted across-the-board, and eligible applicants will receive payment at the Higher OALA rate.

4. As regards the Statutory Minimum Wage (“SMW”) and other targeted measures to assist low-income persons, the Minimum Wage Commission has commenced the preparatory work for a new round of the review on the SMW rate and is required to submit its recommendation report to the Chief Executive in Council by 31 October 2022. The Government has also reviewed the outsourcing system to enhance the protection for non-skilled employees engaged by government service contractors. After the implementation of a package of improvement measures since April 2019, the committed wages in the relevant awarded government service contracts increased by more than 24%. Moreover, the Government is taking forward at full steam the preparatory work for the abolition of the “offsetting” arrangement under the Mandatory Provident Fund System. Our aim is to introduce the bills into LegCo in the 2022-23 legislative year.

Supply of Housing

5. Housing is one of the important issues currently faced by the society. The Government has all along been striving to help more households in Hong Kong meet their housing goals through efforts like increasing housing (especially public housing) supply, enriching the housing ladder, optimising the use of public housing resources and maintaining the healthy development of the private residential property market.

6. The Government has identified about 350 hectares of land which can produce some 330 000 public housing units in the coming 10-year

period (i.e. from 2022-23 to 2031-32), and can meet the estimated public housing demand of around 301 000 units in the 10-year period. The Government will provide the details in the Long Term Housing Strategy Annual Progress Report 2021 to be published at the end of this year.

7. The Government has endeavoured to enrich the housing ladder to provide adequate and affordable housing for families of different income brackets, enabling them to live in decent accommodation and improved living environment. The Government will continue to assist low-income families who cannot afford private rental accommodation through public rental housing. Besides, to ensure that subsidised sale flats are affordable to the target households, the pricing mechanism was revised in 2018 such that Home Ownership Scheme (“HOS”) flats are priced at an affordable level which is delinked from market prices of private housing. The Hong Kong Housing Authority has regularised the Green Form Subsidised Home Ownership Scheme and White Form Secondary Market Scheme. Moreover, the Government has introduced Starter Homes for Hong Kong Residents pilot projects to meet the home ownership aspirations of higher-income families who are not eligible for HOS and yet cannot afford private housing.

8. As for private housing, maintaining the healthy development of the private residential property market is one of the important objectives of the Government’s housing policies. The Government has continued to adopt a two-pronged approach by striving to increase both land and housing supply to meet demand, and adopting demand-side management measures to stabilise the residential property market. The Government will, as always, continue to keep watch on the residential property market conditions and take timely and appropriate measures in response to market changes by making reference to relevant indicators.

9. In addition, the Government has introduced three ground-breaking measures in recent years, which include spearheading transitional housing projects, launching the Cash Allowance Trial Scheme and legislating for tenancy control of subdivided units, to improve the living conditions of families living in inadequate housing.

Innovation and Technology Development

10. The current-term Government, having invested over \$130 billion to promote innovation and technology (“I&T”) development to date, is keen to establish a more comprehensive I&T ecosystem, thus developing Hong Kong into an international I&T hub as promulgated in the Outline of the Fourteenth Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035 (“the 14th Five-Year Plan”). The 2021 Policy Address covers a series of forward-looking measures to further promote Hong Kong’s I&T development. For details, please refer to the document submitted to relevant committees of LegCo earlier ¹. Developing I&T at full steam not only fosters economic growth and diversification, but also provides the youth with quality employment opportunities and enhances social mobility.

11. Currently, the I&T career in Hong Kong is incredibly vibrant. In order to attract more university students in STEM disciplines to pursue a career in I&T, the STEM Internship Scheme enables them to experience I&T-related work during their studies, having benefitted over 4 100 university students since 2020. The Hong Kong Science and Technology Parks Corporation and Cyberport also provide the youth with internship and training opportunities through various schemes. In addition, the Government launches different schemes to assist the youth in pursuing a career in I&T after graduation; for example, the Research Talent Hub funds enterprises and research institutions to recruit university graduates to undertake research and development work, having provided around 5 400 research positions over the past four years.

Improving the Tax System

12. Some Members suggested that the Government should consider using tax measures to reduce the disparity between the rich and the poor.

¹ <https://www.legco.gov.hk/yr20-21/english/panels/ci/papers/ci20211019cb1-1405-2-e.pdf>

13. To ensure the Government's fiscal sustainability, it was pointed out in the recent two Budgets that Hong Kong needs to maintain the development and vibrancy of our economy and identify new areas of growth with a view to increasing our revenue; it was also mentioned that we need to consider seeking new revenue sources or revising tax rates. To raise revenue, the 2021-22 Budget proposed an increase of the rate of Stamp Duty on Stock Transfers from 0.1% to 0.13% of the consideration or value of each transaction payable by buyers and sellers respectively. The adjustment took effect in August 2021.

14. The Budget of the current financial year further proposed a review of the rating system, in order to ensure that it could keep pace with the times and better meet the society's expectations. The case for introducing a progressive element to the rating system will be covered in the review. Rates is a broad-based tax. It will be more in line with the principle of affordability if those with greater financial capacity shoulder higher rates. The review is underway.

15. Before any proposals to introduce new taxes are implemented, there should be adequate, in-depth and informed discussions in the community, which is a process that will take time. As fighting the epidemic and reviving the economy are the current priorities of the whole community, this is not the suitable time to initiate discussion on the introduction of new taxes. Nevertheless, the Government will carry out related research, making reference to practices and experiences in other places.

Youth Development

16. Youth development is a priority of the current-term Government. We strive to address young people's concerns about education, career pursuit and home ownership as well as participation in politics and public policy discussion and debate, so that the younger generation can see a ray of hope and the opportunities of upward mobility. We will continue to enrich communication channels to gauge the views of young people of different backgrounds in order to better meet their needs in areas such as education, career pursuits, housing, upward mobility, development of their

potential, etc. as well as to facilitate them to grasp the various opportunities brought about by the 14th Five-Year Plan and development of the GBA.

17. On youth entrepreneurship, the Youth Development Commission has introduced the Funding Scheme for Youth Entrepreneurship in the GBA (“Entrepreneurship Scheme”) under the Youth Development Fund to encourage Hong Kong young people to make good use of the innovative and entrepreneurial bases in the GBA, thereby facilitating them to grasp the entrepreneurial opportunities in the GBA and develop their businesses in Hong Kong and Mainland GBA cities. About \$130 million has been granted under the Entrepreneurship Scheme to support 16 non-governmental organisations (“NGOs”) to organise youth entrepreneurship projects in the GBA, providing capital subsidy to about 230 youth start-ups (involving more than 800 Hong Kong young people) and rendering entrepreneurial support and incubation services to more than 4 000 young people. Funded NGOs have rolled out their youth entrepreneurship projects and are gradually conducting recruitments, which are met with positive responses. Looking ahead, the Government will establish an Alliance of Hong Kong Youth Innovative and Entrepreneurial Bases in the GBA. Organisations from Guangdong and Hong Kong with proven track record, such as entrepreneurial bases, universities, NGOs, scientific research institutes, professional bodies and venture funds will be invited to join the alliance and jointly set up a one-stop information, publicity and exchange platform to support Hong Kong youth entrepreneurs in the GBA.

18. On youth employment, the Greater Bay Area Youth Employment Scheme (“GBAYES”) has encouraged and supported Hong Kong university graduates to work in the Mainland cities of the GBA and to grasp the career development opportunities in the area. With the business sector’s active support, 417 enterprises offered 3 494 job vacancies for eligible graduates to apply. About half of the vacancies were innovation and technology posts. Graduates responded positively and made over 20 000 job applications. As at 31 October 2021, some 1 080 graduates reported duty. The Government will closely monitor the implementation of GBAYES. We will actively follow up with the participating enterprises and graduates, and render appropriate support. A survey is being conducted to collect their views for evaluating the effectiveness of

GBAYES and map out the way forward.

19. Besides, we endeavour to enhance wider exchanges and deeper integration among young people through youth exchange and internship programmes to strengthen their sense of belonging to the motherland. Before the epidemic, there were more than 70 000 Hong Kong young people participating in exchange and internship programmes in the Mainland and overseas organised, funded or co-ordinated by various bureaux/departments of the Government on average each year, among whom 60 000 were to the Mainland. Among others, the Home Affairs Bureau has made use of its funding schemes for youth exchange and internship in the Mainland to provide young people with quality exchange and internship opportunities to 30 provinces and municipalities in the Mainland, enabling them to understand the history, culture, economy and livelihood therein and offering them with opportunities to broaden their horizons. Moreover, the Government has introduced signature internship programmes, including the Thematic Youth Internship Programmes to the Mainland and the Scheme in Corporate Summer Internship on the Mainland and Overseas, to provide valuable internship opportunities to Hong Kong young people with a view to nurturing their understanding of the employment market, work culture and development opportunities in the GBA, other provinces and municipalities as well as around the world, and cultivating a group of young talents who are familiar with the national development, possess international perspective and have acquired connections in the Mainland and overseas. Depending on the development of the epidemic, the Government will continue to expand the breadth and depth of these internship programmes.

20. The 14th Five-Year Plan and GBA development will bring about immense opportunities for our young people. In future, we will continue to work closely with different sectors in Hong Kong and Mainland partners to support the younger generation of Hong Kong to broaden their horizons, expand their pathways and better integrate themselves into the overall development of the country.

Conclusion

21. The Government will continue to listen to the views of the community and adopt a multi-pronged approach to address the issues of disparity between the rich and the poor and allocation of social resources in a pragmatic manner.

Labour and Welfare Bureau

Human Resources Planning and Poverty Co-ordination Unit

Transport and Housing Bureau

Innovation and Technology Bureau

Financial Services and the Treasury Bureau

Home Affairs Bureau

November 2021

Council meeting of 1 September 2021

Hon Alice MAK's motion on "Resolving social conflicts and eradicating disparity between the rich and the poor"

Wording of the Motion

That earlier on, Mr XIA Baolong, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference and Director of the Hong Kong and Macao Affairs Office of the State Council, expressed the wish that by the time the country's second centenary goal is achieved, Hong Kong could realize the valuable vision of the 'four expectations'; in this connection, this Council urges the Government to formulate specific targets and adopt decisive measures to resolve the long-standing deep-seated conflicts in the Hong Kong community, especially given the impact of the new wave of science and technology and global economic downturn on the employment market, to eradicate such problems as the disparity between the rich and the poor and uneven distribution of social resources arising from inequalities in labour relations and social classes, thereby creating a happier and better life for the people.