

**Summary of the views expressed at
the Sixth Meeting of
the Committee on Social Development and Quality of Life
of the Commission on Strategic Development
held on 30 November 2006**

The Chairman welcomed members to the meeting.

Matters Arising from the Last Meeting

2. The Chairman reported that the summary of views of the fifth meeting of this Committee had been issued to Members and uploaded to CSD's webpage in October.

**Income inequality and social mobility
(Paper Ref: CSD/SC/7/2006)**

General

3. Members generally felt that income inequality in Hong Kong had widened, and upward mobility, particularly for the middle or lower-middle classes, had decreased. If such trends continued to prevail, the stability and harmony of the society would be affected.

4. Members generally agreed that in tackling income inequality and social mobility, the focus should be on enhancing the opportunities of people and the younger generation from the low-income group through effective means to improve their living quality and social capital so as to help them ascend the social ladder.

5. A number of Members commented that Gini coefficient could not fully reflect the situation of poverty and income disparity in Hong Kong. For example, the income redistribution measures by the Government, e.g. taxation, social security and public subsidies in various services had not been taken into account. However, some Members cautioned that continuing increase in the Gini coefficient since the 1980s indicated that

the increase in income disparity was a real issue that the Government should not take lightly. The Government should review the effectiveness of its policies and measures in helping the low-income group. To facilitate monitoring of the poverty situation in Hong Kong and the provision of necessary assistance to people in need, a few Members suggested establishing a poverty line for Hong Kong. However, another Member considered that the Comprehensive Social Security Assistance (CSSA) Scheme was already a “de facto” poverty line for Hong Kong.

Factors Affecting Income Inequality and Social Mobility

6. Similar to other world cities such as London and New York, it was expected that the development of Hong Kong towards a services-oriented economy would experience a widening income inequality. The emergence of world cities entailed a major cluster of high value-added business activities such as financial and up-market consumer services. Members noted that those people engaged in the activities would likely be able to earn high income, but the number of jobs created was not large.

7. In addition, Members acknowledged that globalization had intensified the international division of labour and competition for jobs among countries and/or cities worldwide. With the advancement of information technology, it had reduced the demand for routine jobs that required moderate or low skills. Through the wide application of internet technology, conventional white collar and even professional jobs had relocated to lower cost areas. The bargaining power of the low-skilled as well as the moderate-skilled labour on wages was therefore substantially reduced. This also explained partly the widening income differentials by skill level in favour of the high-skilled jobs.

8. Some Members also pointed out that the rapid development of the Mainland had also speeded up the economic restructuring of Hong Kong. In particular, the shift of manufacturing industries to the north had a significant impact on the employment opportunities of the working class as well as the middle-management workers in Hong Kong. In view of the lower cost of labour in the Mainland, workers engaged in the manufacturing sector were forced out of work, and the middle-management

had experienced pay cut or job relocation.

9. It had been put forward that under the unique situation of “One Country, Two Systems”, the flow of people from Hong Kong to the Mainland was to some extent impeded. Unlike other world cities where low-skilled workers could choose to live in other parts of the country where job opportunities were available, the low-skilled workers were forced to stay in Hong Kong and compete for the limited number of jobs available. The constant inflow of low-skilled new arrivals under the One-Way Permit Scheme to Hong Kong further aggravated the problem by providing a large supply of low-skilled workforce. Some Members opined that the Government should consider further promoting the physical mobility and flow of our population to neighbouring areas.

10. A Member put forward that the weak labour union movement in Hong Kong was one of the causes of widening income disparity as the bargaining power of low- and moderate-skilled workers was weak. Another Member raised the point that inequality in political rights and slow pace of democratic development in the constitutional reform in Hong Kong were the root causes of widening of income inequality. The interest of low-income group was inadequately protected.

Proposed Priority Issues and Actions to be Taken

11. Members generally agreed that improving the living quality of the low-skilled and low-income group would foster social harmony. This could be achieved through income redistribution measures such as the provision of social welfare benefits, progressive tax system, transportation subsidies for low-income people living in remote areas and the setting up of minimum wage. However, Members noted that those measures might have an impact on the business environment and the attractiveness of Hong Kong to investors, and hence our economic growth. It was therefore necessary for the Government to take a balanced view before introducing any new income redistribution measure.

12. Some Members viewed that it would be most important to have a sustained economic development of Hong Kong so as to create more

employment opportunities for all. Other Members said that the Government should consider formulating a comprehensive employment policy with a view to creating jobs for people whilst proceeding with economic development. Specifically, a Member suggested that the Government should support the development of tourism from the point of view of creating employment since it could bring in catering, retail, and other related jobs of lower-skill in nature.

13. With a view to enhancing the mobility of low-income group and minimising inter-generational poverty, some Members opined that it was necessary to promote equal opportunities and provide a level playing field for competition. It was also considered important that adequate training and re-training programmes should be provided to upgrade and strengthen the competitiveness of the youth and low-skilled workers in Hong Kong. The following specific recommendations were raised –

- (a) to establish a child development fund to strengthen the provision of quality education for children at their early stage, particularly for those from the low-income families;
- (b) to provide a conducive environment for grooming young people with different talents, e.g. music, sports, creativity, etc;
- (c) to support primary and secondary school students from different economic and cultural backgrounds to participate in extra-curricular activities to broaden their exposure;
- (d) to consider relaxing the entry requirements of re-training programmes to people aged 30 and below, and introducing compulsory paid study leave to allow workers to join the relevant programmes;
- (e) to promote the development of social enterprises, tripartite partnership, corporate social responsibility, and mutual support at community level;

- (f) to expedite the implementation of the transport support schemes to encourage people living in remote districts to find jobs in other areas; and
- (g) to increase public subsidies to the Associate Degree programmes.

14. Members generally agreed that education was one of the most effective means to enhance the competitiveness and upgrade the quality of the population. It had also highlighted that competition in modern society involved not only the level of educational attainment, but also social and cultural capital, international exposure and social network. Many Members considered that low-income family children would likely have fewer resources to acquire those added advantages. This would put them in a disadvantaged and less competitive position. Members therefore suggested that the Government, business sector, non-government organisations and the community should work together to provide more opportunities for the children from the grassroot to broaden their exposure to different cultures, widen their horizon, and establish wider social network. The following specific recommendations were raised –

- (a) to encourage business sector to provide summer internship for young people from low-income family background;
- (b) to set up scholarship or other financial schemes for students from low-income families;
- (c) to provide necessary training to parents, particularly mothers from low-income families, who were expected to spend a lot of time with their children and would have significant influence on their growth; and
- (d) to support non-government organizations to help the less-disadvantaged young people and students to extend their social network and enhance their social capital.

15. The Chief Secretary for Administration reaffirmed that the Government was very concerned about the needs of low-income people. On the proposed transport scheme to encourage people living in remote districts to find jobs in other areas, it was being carefully examined by relevant bureaux and departments concerned. In view of the extensive ramifications of the subject on income disparity and social mobility, the Secretariat would organize a workshop before February 2007 to facilitate further in-depth discussion among Members on this subject.

16. The Chairman stated that the Secretariat would prepare a summary of views expressed at the meeting, and distribute to Members as well as relevant bureaux and departments for reference. Members were invited to submit to the Secretariat their further comments by post or by email, which would be circulated to other Members to facilitate exchange of opinions.

17. The attendance list of the participants is at Annex.

Secretariat to the Commission on Strategic Development
January 2007

策略發展委員會
社會發展及生活質素委員會第六次會議
2006 年 11 月 30 日

Sixth Meeting of
the Committee on Social Development and Quality of Life
of the Commission on Strategic Development
30 November 2006

出席人士

Attendance List

主席 :

Chairman :

Chief Secretary for Administration

政務司司長

官方委員 :

Official Members :

Head, Central Policy Unit

中央政策組首席顧問

Director, Chief Executive's Office

行政長官辦公室主任

非官方委員 :

Non-Official Members :

Dr CHAN Kin-keung, Eugene

陳建強醫生

Ms CHAN Yu

陳瑜女士

Prof CHANG Hsin-kang, G.B.S., J.P.

張信剛教授, G.B.S., J.P.

Mr CHEUNG Kwok-che

張國柱先生

Dr HUI Ka-wah, Ronnie

許家驊醫生

Ms KAO Ching-chi, Sophia, J.P.

高靜芝女士, J.P.

Miss KI Man-fung, Leonie, J.P.

紀文鳳女士, J.P.

The Hon LAU Kong-wah, J.P.

劉江華議員, J.P.

Dr LAW Chi-kwong, S.B.S., J.P.

羅致光博士, S.B.S., J.P.

Mr LAW Kin-chung, Christopher
Ms LAW Suk-kwan, Lilian
Mrs LAW SHING Mo-han, Yvonne
Mr LEE Chung-tak, Joseph, B.B.S., J.P.
The Hon LEUNG Yiu-chung
Dr LO Wing-lok, J.P.
Ms MAR Yuet-har, B.B.S., M.H.
Prof NG Ching-fai, G.B.S.
Dr NG Cho-nam, B.B.S.
Prof POON Chung-kwong, G.B.S., J.P.
Mr PUI kwan-kay, M.H.
Mr PUN Tin-chi
Mr SHIH Wing-ching, J.P.
Mr SO Kam-leung, Gregory, J.P.
Mr SZE, Kyran
Mr TAI Hay-lap, B.B.S., J.P.
Mr TIK Chi-yuen, J.P.
Mr WONG Kwok-keung, Peter, J.P.
Mr WONG Kwok-kin, B.B.S.
Mr WONG Sau-ching, M.H.
Mr YUNG Wing-ki, Samuel, M.H.

羅健中先生
羅淑君女士
羅盛慕嫻女士
李宗德先生, B.B.S., J.P.
梁耀忠議員
勞永樂醫生, J.P.
馬月霞女士, B.B.S., M.H.
吳清輝教授, G.B.S.
吳祖南博士, B.B.S.
潘宗光教授, G.B.S., J.P.
貝鈞奇先生, M.H.
潘天賜先生
施永青先生, J.P.
蘇錦樑先生, J.P.
施家殷先生
戴希立先生, B.B.S., J.P.
狄志遠先生, J.P.
王國強先生, J.P.
黃國健先生, B.B.S.
黃守正先生, M.H.
容永祺先生, M.H.

列席

In Attendance

Mr KWOK Kwok-chuen, B.B.S., J.P.
Government Economist

Mr Stephen FISHER, J.P.
Secretary to the Commission on Poverty

政府經濟顧問
郭國全先生, B.B.S., J.P.

扶貧委員會秘書長
余志穩先生, J.P.

因事未能出席

Apologies

非官方委員 :

Non-Official Member :

Mr CHAN Siu-hung

Dr CHAN WONG Lai-kuen, Anissa, M.H.

Mr CHENG Wai-sun, Edward, J.P.

Prof CHIU Wing-kai, Stephen

Mr DING Wai-chuen, Raphael

Mr HEUNG Cheuk-kei, Daniel, S.B.S., J.P.

Mr LAI Kwong-tak, Albert

Prof LAM Shun-chiu, Dennis, J.P.

Ms LOH Kung-wai, Christine

Ms TAM Siu-ying, Iris, J.P.

Mr WONG Ying-wai, Wilfred, J.P.

陳紹雄先生

陳黃麗娟博士, M.H.

鄭維新先生, J.P.

趙永佳教授

丁偉銓先生

香灼璣先生, S.B.S., J.P.

黎廣德先生

林順潮教授, J.P.

陸恭蕙女士

譚小瑩女士, J.P.

王英偉先生, J.P.