



Hong Kong Inequality Report



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Summary

Oxfam believes inequality breeds poverty. Extreme wealth disparity reflects the fact that poverty cannot be effectively eradicated by economic development. As the wealth gap continues to widen, inequality has continued to worsen. According to Oxfam's latest report titled 'Reward Work, Not Wealth', 82% of the wealth created in 2017 went to the world's richest 1%. The poorest 3.7 billion people across the globe, however, did not share the fruits of economic growth¹.

During the decade, According to the Hong Kong Census Reports, Hong Kong's Gini coefficient based on original monthly household income rose from 0.533 in 2006 to 0.539 in 2016, and the Gini coefficient based on post-tax post-social transfer monthly household income was 0.473 in 2016, which is worse than other developed economies (e.g Singapore 0.356, United States 0.391, United Kingdom 0.351, Australia 0.337, Canada 0.318). The median monthly household income of the top decile is 44 times greater than that of the lowest decile in 2016, which it was only 34 times in 2006. The number of poor households has reached up to 530,000, of which 300,000 are working poor households; further, over 1.3 million people live in poverty. In May 2018, the total net worth of the wealthiest 21 mega-tycoons in Hong Kong amounted to HK\$1.83 trillion, which is equal to the Hong Kong government's fiscal reserves. Nonetheless, a profits tax at the rate of 16.5% paid by corporations run by these mega-tycoons is still significantly lower than the average tax rates in the Organisation for Economic Co-operation and Development (OECD) and G20 members (24.2% and 28% respectively). Beyond that, these tycoons receive at least HK\$23 billion from untaxed stock dividends.

Although wealth disparity has worsened, the government has accumulated a budget surplus of over HK\$690 billion over the past ten years; in fact, fiscal reserves have now surpassed the HK\$1.1 trillion mark. In the 2018/19 Budget, the government's recurrent expenditure is 14.4% of the GDP. However, this figure is still lower than the rate during the severe acute respiratory syndrome (SARS) period (15.7%) in 2003/04. In comparison to other OECD member states such as Japan, South Korea, the United Kingdom, Canada, Sweden and New Zealand, Hong Kong has spent the least on public services like healthcare and social welfare. The Hong Kong government employs a 'conservative budgeting principle', which keeps the growth of the government's expenditure in line with general economic growth. Despite the fact that it has a tremendous amount in fiscal reserves, the government has failed to allocate resources into public services to help reduce inequality.

This phenomenon reflects the failure of the economic system; the rich have gotten richer, while the poor – despite their hard work – have not been able to share the fruits of economic growth. Currently, nearly 210,000 people live in subdivided flats, and despite an almost full employment rate, 920,000 work but remain poor. In 2016, almost 40% (37%, 114,467 households) of the 308,549

¹ P.8, https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp-reward-work-not-wealth-220118-en.pdf

working poor households earned a monthly income that was lower than the corresponding amount of Comprehensive Social Security Assistance (CSSA). Though minimum wage is reviewed every two years, the increments in which it rises still falls behind the rate of inflation. Taking inflation into account, the purchasing power of the current minimum wage (HK\$34.5 per hour) is equivalent to HK\$26.8 in October 2010. Since 1997, the Hong Kong government has allowed outsourced private organisations to offer public services. Yet because of the 'lowest bid wins' principle where the cheapest bidder wins, outsourced workers are not paid more than minimum wage, which often leaves workers trapped in poverty. Oxfam believes this problem can be addressed by promoting a living wage, which is a wage level that can fulfil the basic necessities of living of workers and their families.

Furthermore, since wealth in Hong Kong is highly concentrated, the marginalised – including women, children, elderly and ethnic minorities – easily fall into poverty. The average income of females around the world is lower than that of males, and the situation in Hong Kong is particularly severe. The labour force participation rate of local women is low, which indicates that the problem of gender inequality is more serious than imagined. As the supply of child care services is in serious shortage, women from poor households can only take up part-time jobs with short working hours in order to earn an income and take care the family. However, most part-time jobs offer low wages, no insurance and are odd jobs, which do not help alleviate poverty. Currently, there are over 150,000 people engage in odd jobs, and 60% of them are women.

As of 2016, over 390,000 elderly people – people aged 65 or above live in poverty, meaning one in every three elderly persons lives in poverty. Though Hong Kong has now adopted the Universal Retirement Protection Scheme with four pillars, as per the World Bank's suggested framework, there remain loopholes in each pillar. Since companies can offset employees' long service payments and severance payments using their own pension funds when they are dismissed or companies go out of business, companies seriously diminish the money employees have accrued, which directly affects their retirement protection.

According to the Population By-census, the number of non-taxpayers in Hong Kong's labour force has exceeded 1.5 million, which is nearly half of the labour force (45%), and most of them live in poverty and are unable to support their parents. For low-income senior citizens, it would be difficult to get by if they only rely on voluntary savings when they retire.

Ethnic minorities are also a marginalised group in society. As many are often not proficient in Chinese, they face a lot of problems in daily life, school, their work and even applying for or using social services. The current poverty rate among South Asians, who make up the largest proportion of ethnic minorities in Hong Kong, is 23.0%, and one in every three South Asian child lives in poverty. Education is an effective tool that helps eliminate inequalities and empowers the weakest in community to move upward in society. However, nearly 60% of schools with non-Chinese speaking students receive no additional subsidy from the government to cater to the Chinese learning needs

of ethnic minority students. This hinders their speed of learning in comparison to others.

The *2030 Agenda for Sustainable Development* of the United Nations (UN) puts forward that each country should take action to achieve the Sustainable Development Goals (SDGs) before 2030 in order to eliminate every form of poverty and inequality. Oxfam hopes that Hong Kong, being a part of the global community, can work to achieve SDG 10: Reduced Inequalities, and take more progressive actions to reduce income disparity.

As such, Oxfam calls on the government to:

1) include the SDGs in its future development blueprint as part of a long-term response to the social development needs of Hong Kong and the world;

2) adopt a 'people-oriented' approach for public finance and address social issues by increasing public expenditure; **Oxfam urges the government to increase recurrent expenditure so that the recurrent expenditure to GDP ratio returns to 15.7% – the same level of expenditure in 2003. The expected GDP in the 2018/19 Budget is HK\$2.8 trillion, the additional recurrent expenditure is approximately HK\$36.7 billion. Since introducing new/modifying government policies requires planning, and new services (such as increasing residential care places for the elderly) may need to be implemented in phases, the additional recurrent expenditure can be spent gradually over three years.**

In the meantime, we hope the government will explore the possibility of implementing a 'participatory budgeting' process when deciding on how much it will spend in the coming year. This would allow the public to help make decisions in this area through debate and participation. Further, Oxfam believes the government should also:

- **review minimum wage annually**, encourage employers to pay employees a living wage, **conduct a full review on the outsourcing system of the government**, **amend the Employment Ordinance** to entitle odd job workers to statutory employment protection, and **restart the consultation and lawmaking processes for the right to collective bargaining**;
- **allocate more resources to pre-school learning**, **provide Chinese language learning support to ethnic minority students** so they can become proficient in Chinese, and provide kindergartens with more resources to teach non-Chinese speaking students;
- **increase the quota for occasional child care services and extend service hours so that low-income households can return to the labour market**, and **implement policies that facilitate the development of local bazaars**;

- **scrap the MPF offsetting mechanism, allow elderly persons in need to apply individually for CSSA, increase the Old Age Living Allowance and increase recurrent expenditure on elderly caregiving services;**
 - **provide more support for interim social housing, and increase the supply of public housing by speeding up the planning process and increasing the public housing ratio via community planning and the development of brownfield sites;**
- 3) review the current taxation scheme under the principle of “affordable users pay”, in order to take precaution for preparing for aging population;**

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1. Introduction

Being a worldwide development organisation that works on poverty, Oxfam has been actively promoting the implementation of the SDGs around the world to reduce poverty, and combat inequality and injustice. Over the years, Oxfam has been promoting policies to relieve poverty through research, policy advocacy, public education and supporting various poverty alleviation projects together with its local partners.

Oxfam believes inequality breeds poverty, and that extreme wealth accumulation indicates that economic development has failed to reduce poverty. In fact, wealth disparity throughout the world has continued to grow, and has led to ever-worsening inequality. Oxfam's latest report 'Reward Work, Not Wealth' states that, 82% of the wealth created in 2017 went to the world's richest 1%, and the poorest 3.7 billion people across the globe were unable to share the fruits of economic growth². According to the 2016 By-Census conducted by the Census and Statistics Department, the results showed that the Gini coefficient based on post-tax post-social transfer of Hong Kong was 0.473. Inequality in the city is even worse than other developed economies (Singapore - 0.356, United States - 0.391, United Kingdom - 0.351, Canada - 0.318), and its Gini coefficient is the highest among all developed countries and regions.

Although the Hong Kong government has accumulated more than HK\$690 billion in surplus over the past 10 years, making fiscal reserves surpass the HK\$1.1 trillion mark, its recurrent expenditure of GDP in 2017-18 was 14.4%, which was lower than 15.7% during the SARS period in 2003. Even worse, the Hong Kong government spent very little on healthcare and social welfare in comparison to other OECD members such as Japan, South Korea, the United Kingdom, Canada, Sweden, and New Zealand, though these are the most basic services it can provide that can benefit the poor. The decline of expenditure on low-income citizens has meant that existing services are unable to cater to the needs of the community. This will thus continue to widen the wealth gap and potentially even lead to social conflict. Furthermore, based on information from the Census and Statistics Department, the current number of households living in poverty stands at 530,000, of which 300,000 are working poor households, and over 1.3 million people live in poverty.

This ever-widening wealth gap not only makes it impossible for millions of people to escape poverty, but it means even more people will fall below the poverty line. The trickle-down theory no longer works, and economic prosperity only speeds up wealth accumulation for tycoons. Despite their hard work, low-income workers' incomes fail to catch up with inflation, and often are unable to benefit from economic growth. Further, the underprivileged lack the chance for equal development, and are thus often unable to make a better life for themselves.

²https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp-reward-work-not-wealth-220118-en.pdf

Among the 17 SDGs, many of them such as the 1st Goal (No Poverty), the 5th (Gender Equality), the 8th (Decent Work and Economic Growth), the 10th (Reduced Inequality) and the 11th (Sustainable Cities and Communities) aim to tackle poverty and inequality. Oxfam fully supports the realisation of SDGs, and has launched the 'Even it Up' campaign worldwide with the hope of obliging the governments to take action to achieve the SDGs, and to develop human economy. Oxfam urges the government to undertake fundamental reforms so that Hong Kong's economy serves not just the wealthy few, but all people.

Oxfam warns that if nations do not solve the problem of inequality and alleviate poverty, more people will fall below the poverty line in the future. The UN's '2030 Agenda for Sustainable Development' puts forth that all nations should take action before 2030 in order to achieve the SDGs to alleviate poverty and inequality in all its forms. Oxfam hopes that Hong Kong, as a part of the global community, can work to achieve SDG 10: Reduced Inequalities, and include the SDGs in its future development blueprint as part of a long-term response to the social development needs of Hong Kong and the world.

This year, unlike its poverty reports before, Oxfam Hong Kong (OHK) has put together its first 'Hong Kong Inequality Report' to reveal the severity of inequality in Hong Kong. The report looks at the problem from different angles, including the gap between the rich and poor, housing, and public finance. OHK also analyses the difficulties marginalised groups (such as residents of subdivided flats, low-income workers, women, children, the elderly and ethnic minorities) face, and offers suggestions and specific proposals to curb inequality.

2. Research methodology

In this report, OHK analyses the wealth disparity in Hong Kong over the past 15 years (2001-2016) using data from the 2 Population Census (2001 and 2011) and 2 Population By-Census (2006 and 2016) issued by the Census and Statistics Department, as well as other data. It also proposes relevant poverty alleviation recommendations in accordance with the research results.

In this report, poor households are defined as households that earn a monthly household income of less than half of the median monthly household income of the corresponding household size (excluding foreign domestic helpers).

Working poor households are defined as households that earn a monthly household income of less than half of the median monthly household income (of the corresponding household size) that has at least one employed person (excluding foreign domestic helpers).

3. Serious wealth disparity: Money in the hands of the few

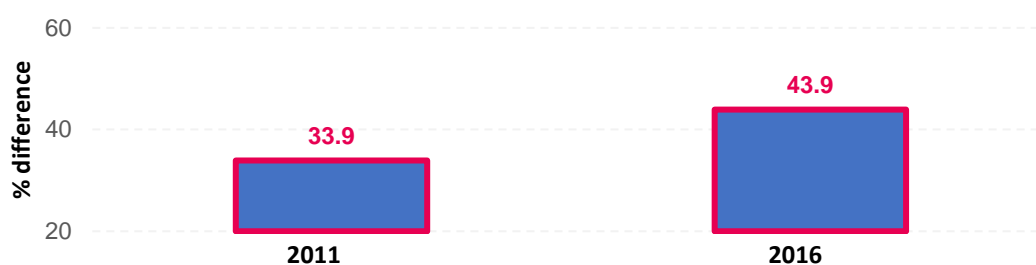
3.1 Wealth disparity in Hong Kong highest among all developed countries and regions

In June 2017, the Census and Statistics Department announced Hong Kong's latest Gini coefficient, which stood at 0.539 (based on original household income) and was an increase of 0.006 compared to 2006, and is the highest in 45 years. In comparison on the Gini coefficient based on post-tax post-social welfare transfer (0.473) to five other developed economies (Canada - 0.318, United Kingdom - 0.351, United States - 0.391, Singapore - 0.356 and Australia - 0.337), it is clear to see that wealth disparity in Hong Kong is particularly severe.

3.2 Monthly income of top 10% of wealthy households is 44 times that of poor households

In 2016, the median monthly household income (excluding foreign domestic helpers) of the top decile was 43.9 times that of the lowest decile. That means, one month's income in the top decile was equal to the income of 3.7 years of the lowest decile. In 2006, this disparity was 33.9 times. Over the past ten years, despite the increase in income of poor households, the rate of growth of their income is still far smaller than that of the top decile. As such, wealth disparity has only worsened. The median monthly household income of the lowest decile has slightly increased from HK\$2,250 in 2006 to HK\$2,560 in 2016, with a growth of around 14%. Meanwhile, the median monthly household income of the top decile (112,400) is 47% more than that in 2006; this indicates that the gap between the rich and poor is growing larger.

Figure 1: Monthly household income of the top and lowest deciles in 2006 and 2016 (%)



Data source: Quarterly Report on General Household Survey

3.3 Wealth of top 21 tycoons in Hong Kong equivalent to total available fiscal reserve of government

According to the data³ Forbes published in May 2018, the total value of the

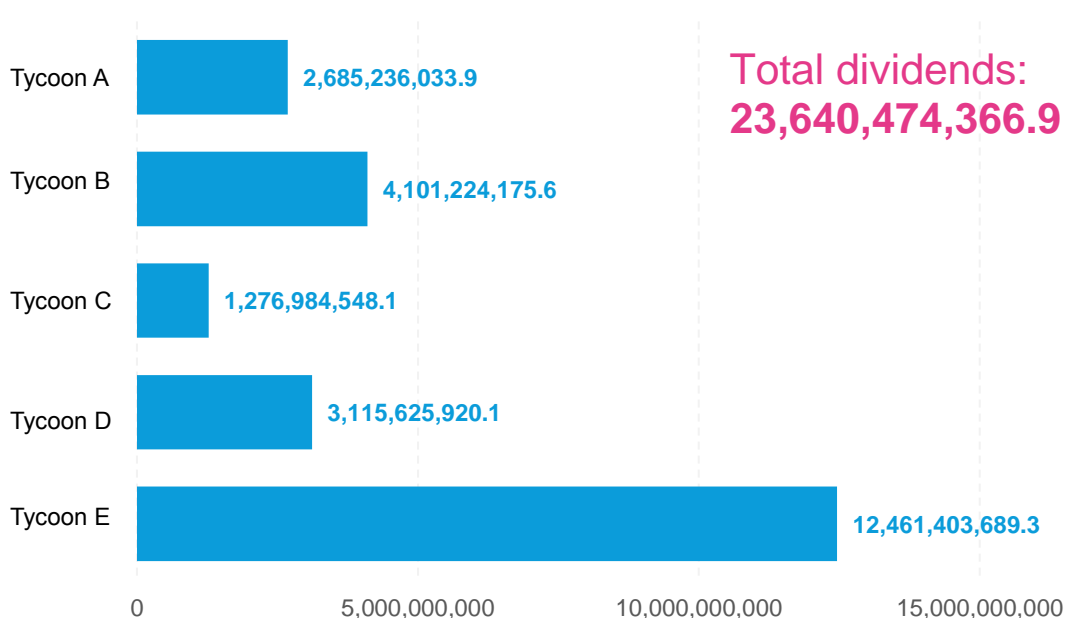
³https://www.forbes.com/billionaires/list/#version:realtime_country:Hong%20Kong.

assets of the 50 richest people in Hong Kong amounted to HK\$2.47 trillion. As of April 2018, however, the Hong Kong government’s fiscal reserves stood at HK\$1.83 trillion⁴, which means the assets of the top 50 tycoons is 1.35 times that of Hong Kong’s reserves, and the assets of the top 21 tycoons is equal to the government’s fiscal reserves. The top five tycoons are also some of the top 100 tycoons in the world⁵.

3.4 HK\$23 billion in dividends for tycoons, zero taxes for the government

According to Forbes, the top five tycoons in Hong Kong received a total of HK\$23.6 billion in dividends in 2016-2017 (Figure 2). Without a dividend tax, however, the Hong Kong government was unable to tax this income. In the long run, this will only exacerbate wealth disparity and the inequality between the poor and the rich.

Figure 2: Dividend income of the top five tycoons in Hong Kong (HK\$)



Date source: Forbes

⁴Exchange Fund Abridged Balance Sheet of Hong Kong Monetary Authority. Available fiscal reserve equals to the sum of “Placements by Fiscal Reserves” and “Accumulated Surplus” on the Exchange Fund Abridged Balance Sheet. <http://www.hkma.gov.hk/media/chi/doc/key-information/press-release/2018/20180430c4a1.pdf>

⁵Forbes the World Billionaires, https://www.forbes.com/billionaires/list/#version:realtime_country:Hong%20Kong, 8 May 2018.

4. Hong Kong: A wealthy city that is fiscally conservative

Hong Kong, being one of the world's biggest financial centres alongside New York and London, is not short on money, and even has a budget surplus. The government, however, is fiscally conservative and limits public expenditure. After SARS in 2003, the government implemented sharp cuts in its expenditure. The symbolic recurrent expenditure as promised by the government to maintain citizens' welfare after the epidemic was kept at around 12-13% of the GDP. However, public expenditure on areas such as healthcare and social welfare, which would most benefit low-income citizens, has been much lower than other developed areas. It is thus not surprising that Hong Kong's Gini Coefficient (Post-tax post-social transfer: 0.473) is one of the highest compared to other developed areas.

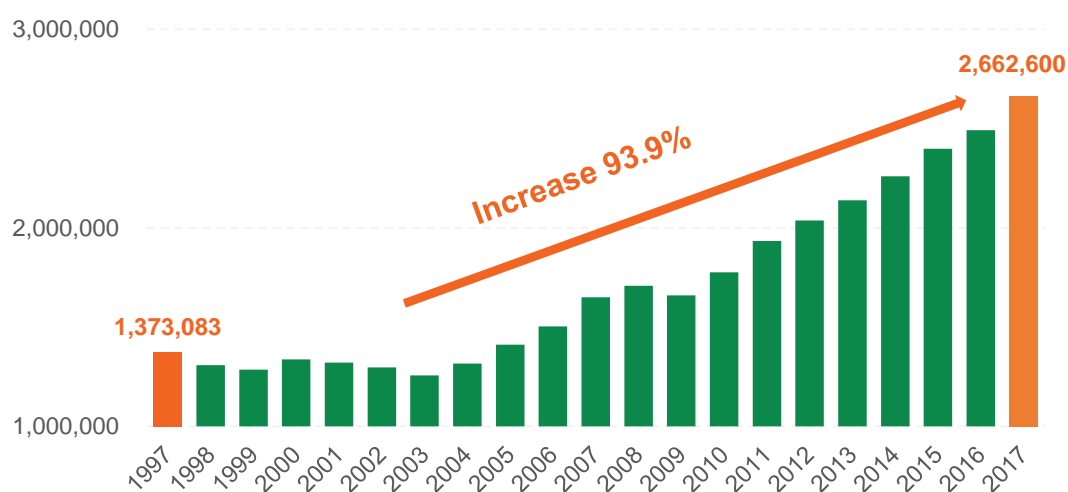
Further, the Profits Tax (similar to overseas Corporate Income Tax) is only 16.5%, which is the lowest amongst the developed areas. Although the Profits Tax accounts for 30% of the total tax revenue on average, and the percentage is even higher than that of the Salaries Tax, Oxfam believes that if local corporations did not divert their profits to tax havens to avoid paying tax, the ratio of Profits Tax to total tax revenue should be reasonably higher. In fact, corporations have greater obligation to pay taxes based on the 'capacity to pay' principle.

4.1 Current ratio of recurrent expenditures to GDP is lower than SARS period

More and more empirical research in recent years has shown that a smaller wealth gap and the appropriate reallocation of wealth would foster faster and more sustainable economic growth. However, when people and organisations across society asked for a notable increase in the government's recurrent expenditure on education, healthcare and social welfare, the then government ignored it.

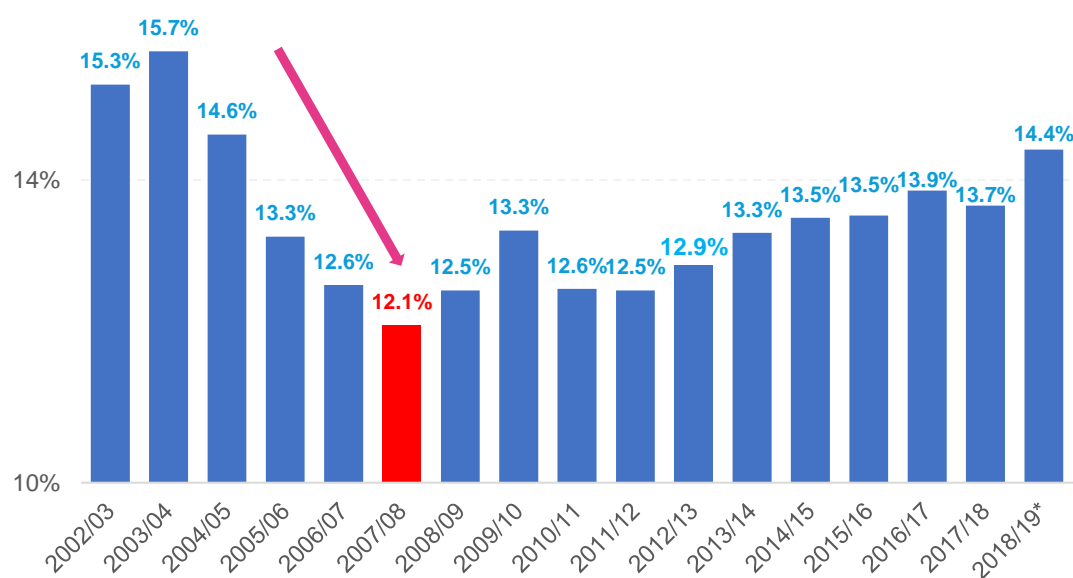
In 2003, when SARS struck Hong Kong, the Hong Kong economy took a big hit, so the government adopted a deficit-reduction plan. Starting from 2004/05, recurrent expenditures were cut for three consecutive years. Through the government's firm decision, **the ratio of recurrent expenditures to GDP dropped sharply from 15.7% in 2003/04 to 12.1% in 2007/08**, making it impossible for regular public services on education, medical and welfare to improve despite full economic recovery after SARS. Following the epidemic, the Financial Secretary only followed the book and failed to review recurrent expenditure based on the economic environment at the time. According to the **Budget for 2018/19, the ratio of recurrent expenditures to GDP is 14.4%, which is lower than that which was spent during SARS.**

Figure 3: Gross domestic product (at current market price) (HK\$ million)



Data source: Budget , 1997-2017

Figure 4: Ratio of recurrent expenditure to Hong Kong GDP (%)



Data source: Budget , 1997-2017

4.2 Hong Kong’s expenditure ratio on public services is almost the lowest compared to other OECD member

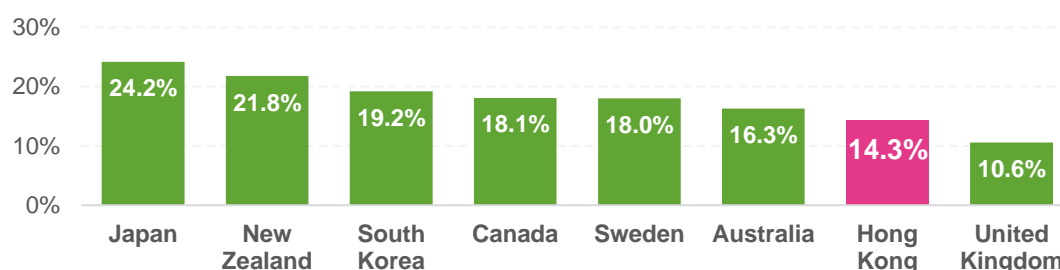
Although Hong Kong’s wealth disparity continues to worsen, the Hong Kong government has accumulated over HK\$690 billion in surplus over the past decade, resulting in a shocking HK\$1.1 trillion⁶ in fiscal reserves. The Hong Kong government’s revenue is more stable than most might think, however, the

⁶ Housing Reserve” of 77 billion is not included in the two groups of figures. In year 2014/15 and 2015/16, Former Financial Secretary John Tsang Chun-wah did not follow the provisions as stated in the Public Finance Ordinance to record the investment returns from fiscal reserves in the Public Accounts and put the amount in the newly established Housing Reserve”. As of February 2017, the fund with accrued interest reached 77 billion. By including “Housing Reserve” could reflect in a more accurate manner the government expenditures and current fiscal reserves level for those two financial years.

ratio of government recurrent expenditures on education, healthcare and social welfare, which could most significantly benefit low-income citizens/households, has continually decreased. In comparison to other OECD members such as Japan, South Korea, the United Kingdom, Canada, Sweden and New Zealand, Hong Kong has spent the least on public services like healthcare and social welfare.

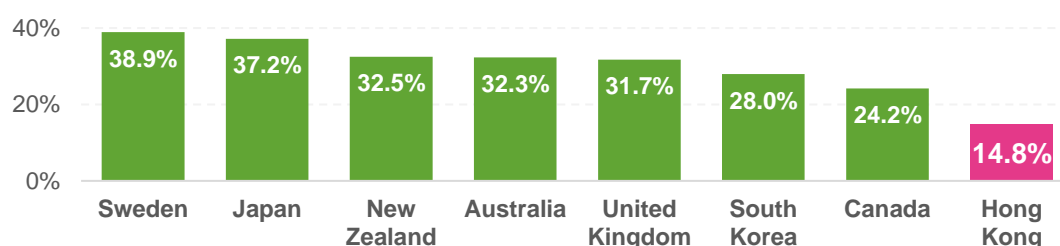
Hong Kong's expenditure on public healthcare services accounted for a mere 14% of its total expenditure in 2018/19, placing itself just before the United Kingdom (10.6%) which came in last compared to other OECD members. The Hong Kong government spent even less on social welfare; it accounted for just 16.5% of its total public expenditure.

Figure 5: Comparison of selected OECD members' total spending on healthcare as a percentage of total expenditure (%)



Data source: OECD, Hong Kong Annual Digest of Statistics 2017

Figure 6: Comparison of selected OECD members' total spending on social welfare as a percentage of total public expenditure (%)



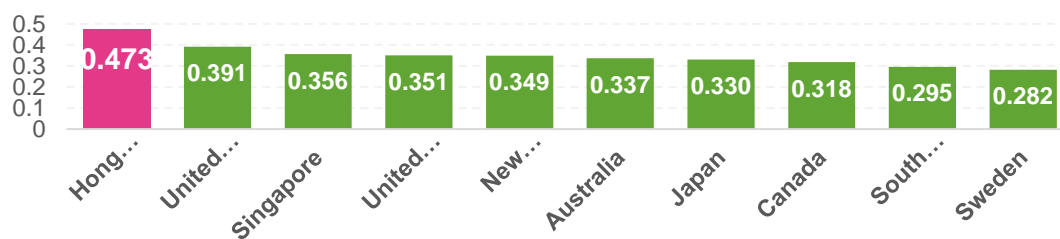
Data source: OECD, Hong Kong Annual Digest of Statistics 2017

The figures indicated that the government's low expenditure on public services caused further inequality. Among the seven members of the OECD, the Gini Coefficient of Hong Kong is the highest (post-tax post-social transfer: 0.473) and is higher than that of United States (0.391) which came second⁷. In addition, based on the analysis of a large-scale, 30-year piece of research that

⁷ 2016 Population By-census - Thematic Report : Household Income Distribution in Hong Kong, http://www.byccensus2016.gov.hk/data/16BC_Income_Report.pdf, OECD, <http://www.oecd.org/social/income-distribution-database.htm>. Except Hong Kong's Gini Coefficient (2016), Singapore Ministry of Finance · <https://www.mof.gov.sg/Newsroom/Parliamentary-Replies/before-and-after-taxes-and-transfers---singapore-s-gini-coefficient>

involved more than 150 economies, it is evident that a better allocation of public resources on healthcare, education and social welfare can reduce inequality⁸.

Figure 7: The Gini coefficient (post-tax post-social transfer) in selected developed areas (2015)

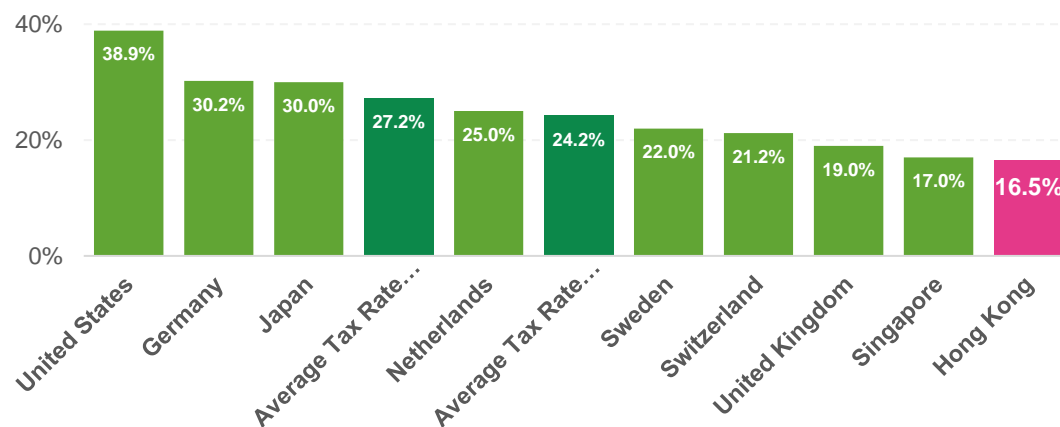


Data source: OECD, Hong Kong 2016 Population By-census

4.3 The government should no longer use competitiveness as reason for low profits tax rate

The government has long proposed a low profits tax rate to ensure Hong Kong's competitiveness. Since 2008, the profits tax in Hong Kong has been kept extremely low – 16.5%; this is way below the average tax rate (24.2%) of OECD members⁹ and that of the G20 countries (28.0%)¹⁰. In 2017's Policy Address, the government further proposed to reduce the profits tax rate of any profit less than HK\$2 million to 8.5% to enhance economic competitiveness.

Figure 8: The statutory corporate tax rate in developed areas (%)



Data source: Tax Foundation

Despite the government's narrative, does the enterprise income tax rate really relate to the overall competitiveness of a country or region? When compared to the most updated Global Competitive Index 2016/17 announced by the Global Development Forum¹¹ which details the income tax rate of each developed country and area, it is clear that a low profits tax does not guarantee

⁸The period is from year 1970 to 2009. Please refer to J.Martinez-Vazquez, B.Moreno-Dodson and V.Vulovic (2012). The Impact of Tax and Expenditure Policies on Income Distribution: Evidence from a large panel of countries. International Center for Public Policy Working Paper 12/25.

⁹<https://files.taxfoundation.org/20170907092820/Tax-Foundation-FF559.pdf>, p.6

¹⁰Same as above

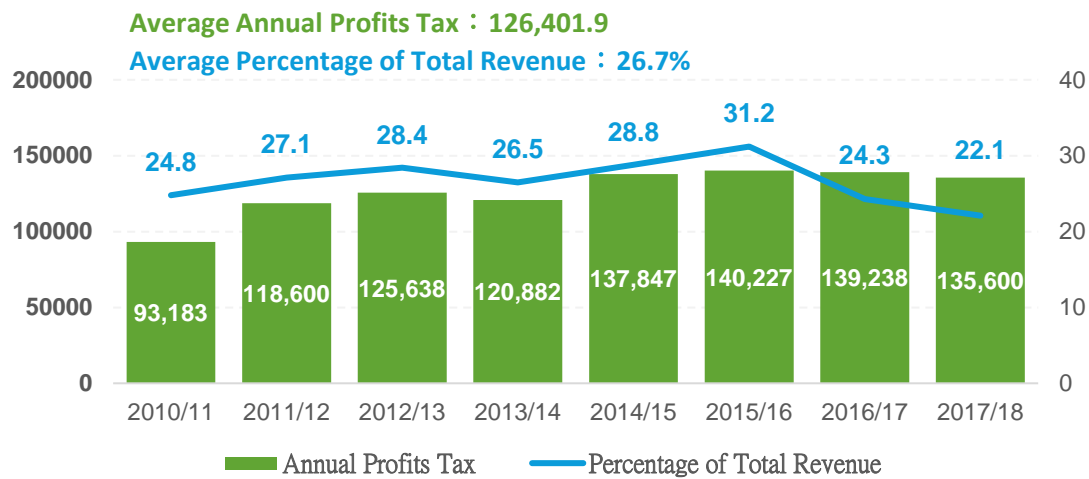
¹¹http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf

competitiveness. Hong Kong ranks ninth in competitiveness internationally. Some of the countries which have a higher income tax rate than Hong Kong, however, such as Switzerland, Singapore, the United Kingdom, Sweden, Netherlands, Japan, Germany and the United States, also ranked high in terms of competitiveness.

4.4 Profits tax accounts for nearly 30% of the Treasury's revenue

Although the low profits tax rate in Hong Kong is well-known around the globe, the ratio of profits tax to the government's total revenue is rather high. The profits tax rate over the past five fiscal years (2010-2018) ranged from 24% to 31%, with an average of 26.7%; these taxes accounted for almost 30% of the government's total revenue.

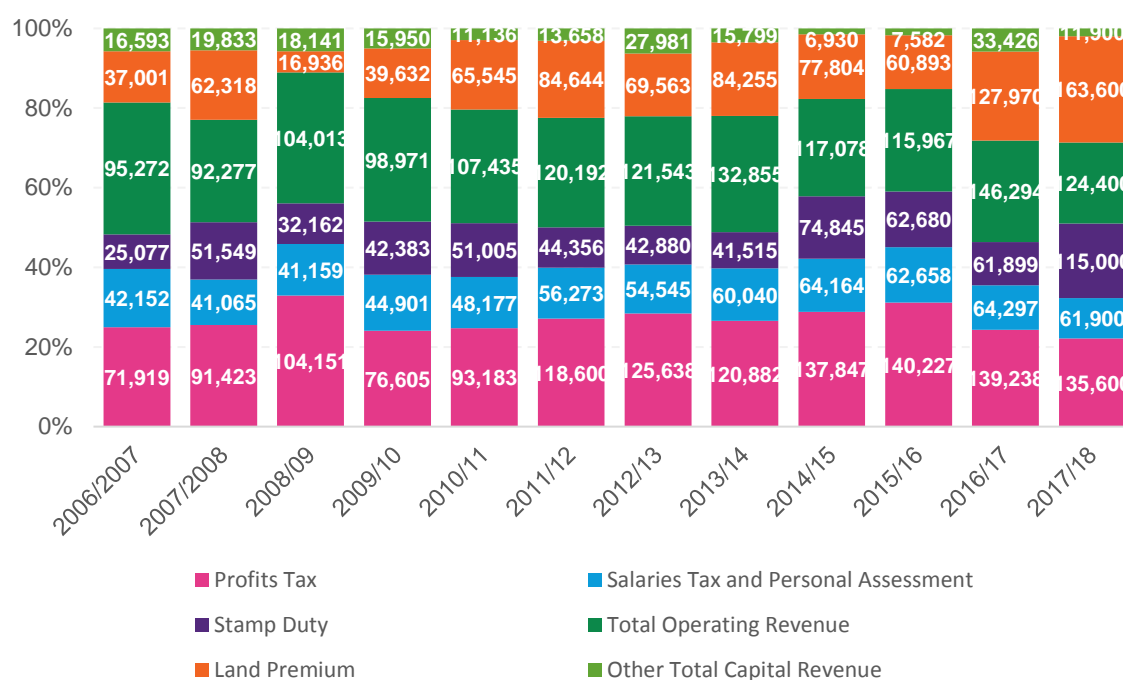
Figure 9: Annual profits tax and its percentage of total revenue¹²



Data source: Census and Statistics Department, Inland Revenue Department

¹²Census and Statistics Department, Inland Revenue Department

Figure 10: Breakdown of Government income (HK\$, million)¹³



Data source: Census and Statistics Department, Inland Revenue Department

Since society will continue to face serious wealth disparity and will need to support an aging population in the future, the government should seriously consider reforming the taxation system to increase its income and provide sufficient public services in the long run.

On the other hand, there are worries that increasing the profits tax rate will increase the chance of companies avoiding taxation. Oxfam Hong Kong believes that the government's lack of transparency around the regulation of corporate taxation gives companies room to avoid taxation. Tax avoidance mainly refers to multinational corporations using the tax differences between different countries and transferring their profits to low-tax areas to reduce the amount of tax they need to pay. Moreover, it is hard to know whether the beneficial owners of enterprises have paid their fair share of tax without a sufficient amount of transparency. Therefore, increasing tax transparency is critical to stop tax avoidance.

¹³Same as above

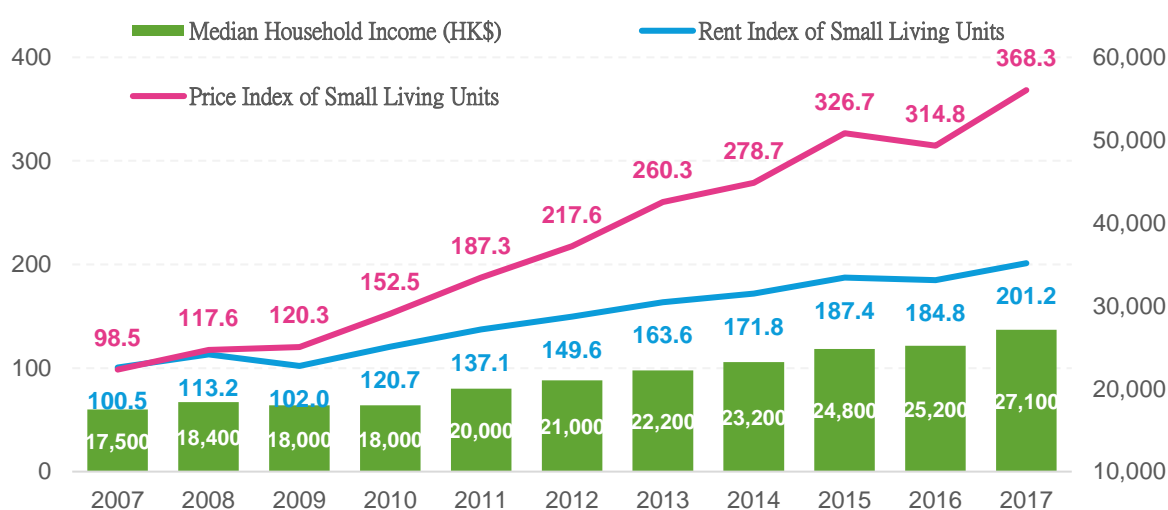
5. Who are the victims of inequality?

5.1 Subdivided flat residents

5.1.1 Rent increased by 80% in 10 years, and property prices more than doubled

The unique land and housing problem in Hong Kong has further aggravated the problem of wealth disparity. From 2007 to 2017¹⁴, the price and rent of small units increased by 273.9% and 100.1% respectively, while the median household income had only increased 54.8%. If one purchased a property in 2007 at HK\$2 million, the value of the property would have increased to HK\$5.4 million in 2017. The income growth of average households, however, would never be able to catch up with the increase in housing assets no matter how hard they work.

Figure 11: Median household income, and price and rent indexes of small living units (2007-2017)



Data source: Rate and Valuation Department and Hong Kong Annual Digest of Statistics

Apart from rising property prices, the rate of growth in rent prices is also higher than that of the median household income, which leaves poor households with no choice but to bear the brunt of high housing costs. As indicated in the figure below, the ratio of housing expenses to total expenses has continued to increase between 2004/05 and 2014/15, which was more than 10% higher than that of other developed regions. The ever-increasing living costs have left poor households in a struggle to make ends meet¹⁵; they can often only afford to live in subdivided flats and suffer from poor living conditions. According to the Census and Statistics Department's latest survey (2016), there was a total of 92,700 subdivided flats that housed nearly 210,000 residents¹⁶; the number of

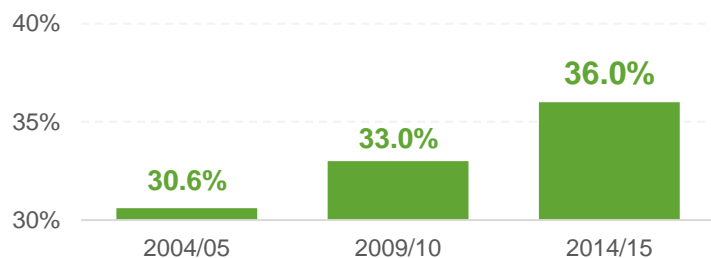
¹⁴ 2017 4th quarter Quarterly Report on General Household Survey

¹⁵ Census and Statistics Department, Results of the 2014/15 Household Expenditure Survey, <https://www.statistics.gov.hk/pub/B71608FB2016XXXB0100.pdf>

¹⁶ Census and Statistics Department, Thematic Report : Persons Living in Subdivided Units, https://www.byccensus2016.gov.hk/data/16BC_SDJ_report.pdf

subdivided flats and the number of residents has increased by 4.3% and 5% respectively since 2015¹⁷.

Figure 12: Housing expenses as a percentage of total expenses

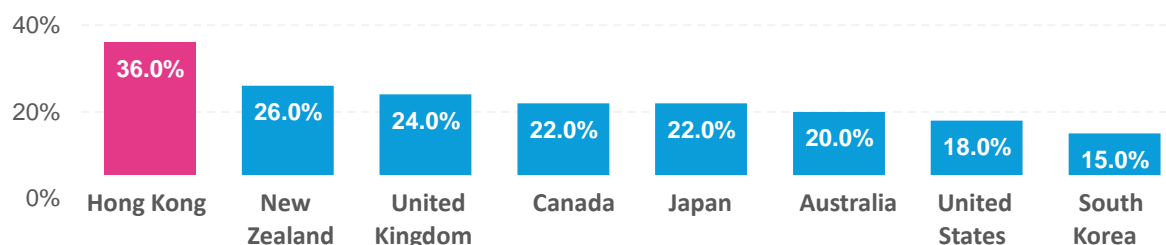


In 2016, there were around 92,700 subdivided flats with 209,700 residents in total.



Data source: Results of Household Expenditure Survey

Figure 13: Housing expenses as a percentage of total expenses in developed regions¹⁸



Data source: OECD

5.1.2 Construction of public housing has fallen behind schedule; average waiting time has increased from 3 years to 5.3 years

Public rental housing has long been an effective way to reduce housing costs and benefit most households in Hong Kong. Though the Hong Kong government set a 10-year housing target in its Long-Term Housing Strategy in 2013 with the goal of supplying 280,000 public housing units (including subsidised housing and public rental housing), the current construction progress is way behind schedule¹⁹ and only 236,000 units are expected to be provided in 2026-27. The current situation has deviated substantially from the original plan.

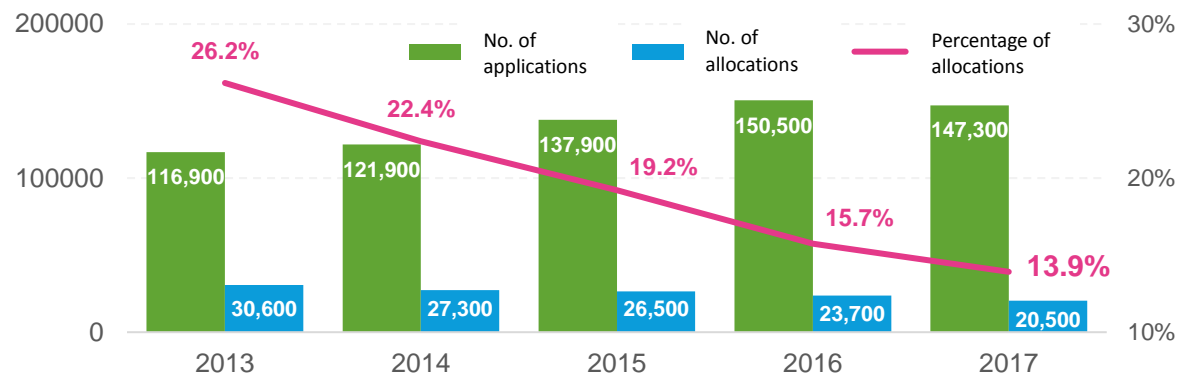
With the slow progress, continual increase of public housing applications and decreasing number of flats available, the average waiting time has lengthened from 3 years in the past to 5.3 years. As such, it has become more difficult to use public rental housing to improve poor households' living standards.

¹⁷ Census and Statistics Department, Thematic Household Survey Report No. 60: Housing conditions of sub-divided units in HK <https://www.statistics.gov.hk/pub/B11302602016XXXXB0100.pdf>

¹⁸ <http://www.oecdbetterlifeindex.org/topics/housing/>

¹⁹ http://www.thb.gov.hk/tc/policy/housing/policy/lths/LTHS_Annual_Progress_Report_2016.pdf

Figure 14: Number of applications and successful allocations (2013-2017)

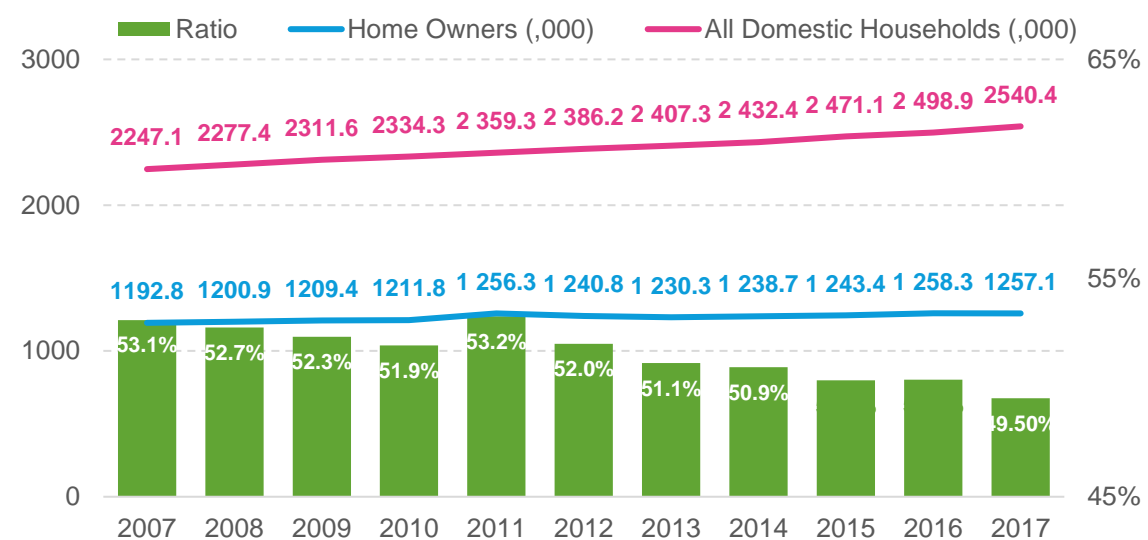


Data source: Hong Kong Housing Authority

5.1.3 Falling proportion of home owners and stagnant social mobility on property ladder

Although home owners can benefit from rising property prices, those who cannot afford to own property do not benefit at all. Poor households with no assets can only continue to earn a living to survive, but hard work does not easily improve their livelihoods. What is also worrying is that with the continued increase in property prices, those who live in public housing have little hope of affording private housing. As such, efforts to free up public housing units for others who are in need by encouraging current tenants to buy private housing have become futile. Instead, many now find it difficult to climb the housing ladder and society has become further entrenched in inequality.

Figure 15: Number of owner-occupiers and the ratio of owner-occupiers to all households (2007-2016)²⁰



Data source: Hong Kong Annual Digest of Statistics

²⁰ 2017 4th quarter Quarterly Report on General Household Survey

5.1.4 Government's poor land use planning has caused stagnation of public housing supply

According to the Panel on Development's paper on Hong Kong's land supply²¹, the government's short- to medium-term land supply initiatives shows that the ratio of public housing to private housing in several sites are not in line with the 6:4 ratio suggested in the Long Term Housing Strategy.

Table 1: The government's short- to medium-term land supply initiatives

Sites	Estimated developable land area (ha)	Estimated flat production (units)	Ratio of public housing to private housing
Ex-Cha Kwo Ling Kaoline Mine	3.29	2,270	1:6
Anderson Road Quarry	40	9,410	2:8
Ex-Lamma Quarry	20	1,900	4:6

Date source: Panel of Development, the Legislative Council

On the other hand, the construction progress of public housing is behind schedule because the planning of some developable land has long been delayed. The land stated in the abovementioned paper²², such as Diamond Hill Comprehensive Development Area – formerly known as Tai Hom Village, which was cleared back in 2001 – can accommodate 4,050 public housing units but residents cannot move in until 2020 because of the delay. Further, in the controversial public housing development at Wang Chau, the government has suggested to build only 4,000 public housing units²³ instead of the initial 17,000 on the 33 hectares of brownfield land. This shows that the government's land use planning is poor and its plans for public housing is far behind schedule; it has thus been unable to meet the need for public housing.

Oxfam believes that to solve the above issues in the short term, the government should refer to the experience of other countries and develop different forms of community housing as transitional housing for grassroots while they wait for public housing. In the long term, the government should make plans to develop brownfield sites. To do this, the government should first speed up the planning process and confirm the size of all public housing projects and increase the ratio of public housing. Further, since the Task Force on Land Supply has identified the tremendous developmental potential of brownfield sites²⁴, the government should proactively develop the sites at the same time. In fact, one hectare of land can accommodate around 850 public housing units, providing homes for 2,180 people²⁵. If the government could accelerate the development of brownfield sites, parts of the New Territories could already provide a good number of homes for many families and reduce social inequality.

²¹<http://www.legco.gov.hk/yr16-17/chinese/panels/dev/papers/dev20170124cb1-461-1-c.pdf>

²²Same as above

²³<https://www.legco.gov.hk/research-publications/chinese/1617in01-public-housing-development-plan-at-wang-chau-20161110-c.pdf>

²⁴http://www.devb.gov.hk/filemanager/tc/content_1054/Paper_05_2017.pdf

²⁵Based on the statistics of Shui Tsuen O Estate, 11,000 public housing units were built on 13.3 hectares of land, offering homes to 29,000 people.

5.2 Low-income workers

Oxfam has always believed that employment is an effective way of narrowing the gap between rich and poor, and ultimately, alleviating poverty. However, although Hong Kong is at full employment, the working poor population has reached 920,000 people, reflecting the existence of numerous problems such as insufficient remuneration and poor job security. Both the United Nations and organisations like the International Labour Organization (ILO) are working hard to achieve SDG 8: Decent Works. They are fighting for reasonable wages, safe working environments, comprehensive work security, the promotion of gender equality, collective bargaining and more for the workers.

Unfortunately, the actual wage in Hong Kong for the past decade has only increased slightly, and minimum wage is insufficient to support employees' basic needs; the increases in minimum wage have also been unable to catch up with the inflation rate. Moreover, the MPF offsetting mechanism has yet to be scrapped, workers still experience various kinds of exploitation, little legal protection is available for casual workers, and legislation on the right to collective bargaining is non-existent. Factors like these leave low-income workers with little security and protection.

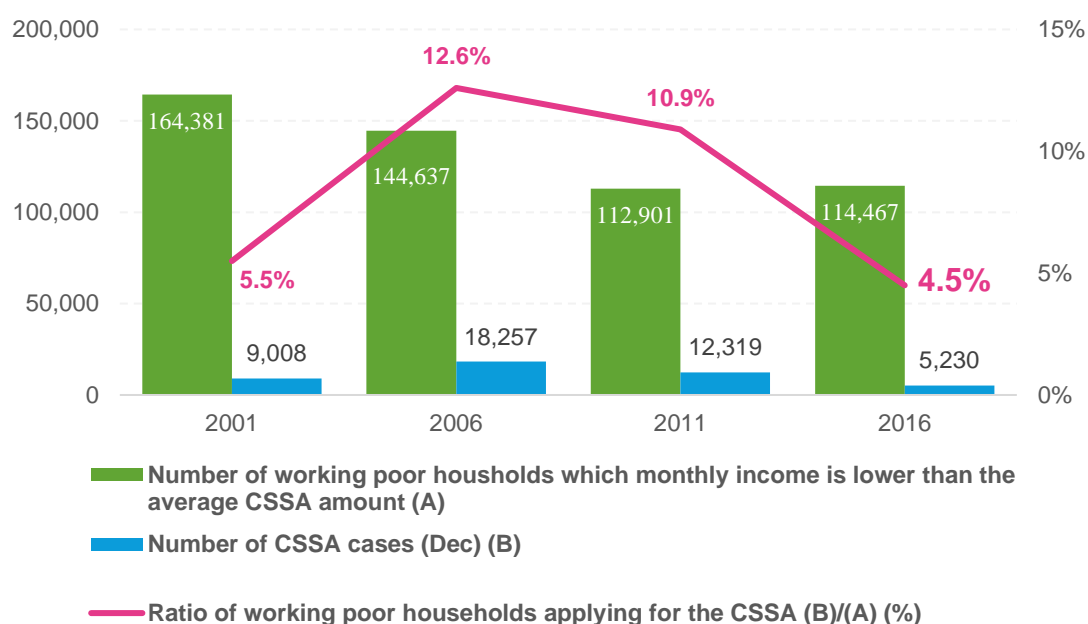
5.2.1 Number of working poor households stands at 300,000 while over 920,000 people live below poverty line

According to the Census and Statistics Department's 2016 By-census, there were more than 300,000 working poor households, or 929,574 people, in 2016, accounting for 70.4% of Hong Kong's poor population. The poverty rate of working households was 15.6% – a slight drop of 1.1% compared to 10 years ago.

5.2.2 Almost 40% of working poor households' income is lower than average CSSA level

In 2016, amongst the 308,549 working poor households, the monthly income of 114,467 households was lower than the average CSSA amount for households with a corresponding number of residents. This accounts for approximately 40% (37.0%) of the total number of working poor households. However, out of these households, which are eligible to apply for CSSA, only 5,230 households, or 4.5%, have done so. This shows that most of the working poor households are still hoping to escape poverty by working.

Figure 16: Working poor households that have applied for the CSSA (2001-2016)²⁶



Data source: Population Census of 2001, 2006, 2011 and 2016; Hong Kong Annual Digest of Statistics 2017

5.2.3 Real index of payroll over past decade only increased slightly to 12.3%

As stated in the above section, corporations should share the fruits of their economic growth with their employees, thus giving employees a chance to increase their incomes and reduce wealth disparity within society. According to the data provided by the Census and Statistics Department, the nominal average index of payroll of the employee's monthly income has increased from 103.4 in 2008 to 153.5 in 2017²⁷ – an increase of 48.5%. However, the indices of food, housing and transportation, which are included in Consumer Price Index A, have increased by 22.6%, 40.2% and 39.5% respectively²⁸. After deducting the inflation calculated by the Composite Consumer Price Index, the real index of payroll has only increased by 12.3% from 2008 to 2017²⁹. These figures show that the increase in remuneration was mostly offset by inflation, and the population's purchasing power has only slightly increased compared to 10 years ago. Since employees are unable to share the fruits of economic growth, many are unable to enhance their quality of living.

²⁶2001, 2011 Population Census and 2006, 2016 Population By-censuses; 2017 Hong Kong Annual Digest of Statistics, <http://www.statistics.gov.hk/pub/B10100032017AN17B0100.pdf>

²⁷https://www.censtatd.gov.hk/hkstat/sub/sp210_tc.jsp?tableID=022&ID=0&productType=8

²⁸https://www.censtatd.gov.hk/hkstat/sub/sp270_tc.jsp?productCode=B1060002

²⁹https://www.censtatd.gov.hk/hkstat/sub/sp210_tc.jsp?tableID=023&ID=0&productType=8

Table 2: Consumer Price Index A (food, housing and transportation) and average index of payroll

	Consumer Price Index A (Oct 2014 to Sept 2015 = 100)						Changes in nominal and real index of payroll in selected industries (Q1 in 1999 = 100)			
	Food		Housing		Transportation		Nominal Index of Payroll		Real Index of Payroll	
	Index	Cumulative change (%)	Index	Cumulative change (%)	Index	Cumulative change (%)	Index	Cumulative change (%)	Index	Cumulative change (%)
2008	86.9	/	75.5	/	74.6	/	103.4	/	107.8	/
2013	97.7	12.4	99.6	31.6	88.1	18.1	130.9	26.6	114.2	5.9
2017	106.5	22.6	106.1	40.2	104.1	39.5	153.5	48.5	121.1	12.3

Data source: Annual Report on the Consumer Price Index

5.2.4 Minimum wage is reviewed once every two years which lags behind inflation and below CSSA level

The minimum wage was officially introduced in 2011. Although three adjustments were made under the review that takes place once every two years, the adjustment rate still lags behind the inflation rate in the same period. According to the Census and Statistics Department, the Composite Consumer Price Index was 82.9 (based on year 2014/15) at that time while it increased to 106.6 (based on year 2014/15) now (March 2018); it has increased by 28.6% over this period. Based on this rate, the purchasing power of the current minimum wage rate (HK\$34.5 per hour) is only equivalent to HK\$26.8 as of October 2017; the corresponding purchasing power of the current minimum wage is thus even lower than that in October 2010.

Table 3: Composite consumer price index, minimum wage rate and corresponding purchasing power

	Composite consumer price index (based on year 2014/15)	Cumulative increase rate (%)	Minimum wage rate (HK\$)	Corresponding purchasing power (HK\$) (equivalent to Oct 2010)
October 2010	82.9		28	28
March 2018	106.6	28.6%	34.5	26.8

Data source: Census and Statistics Department

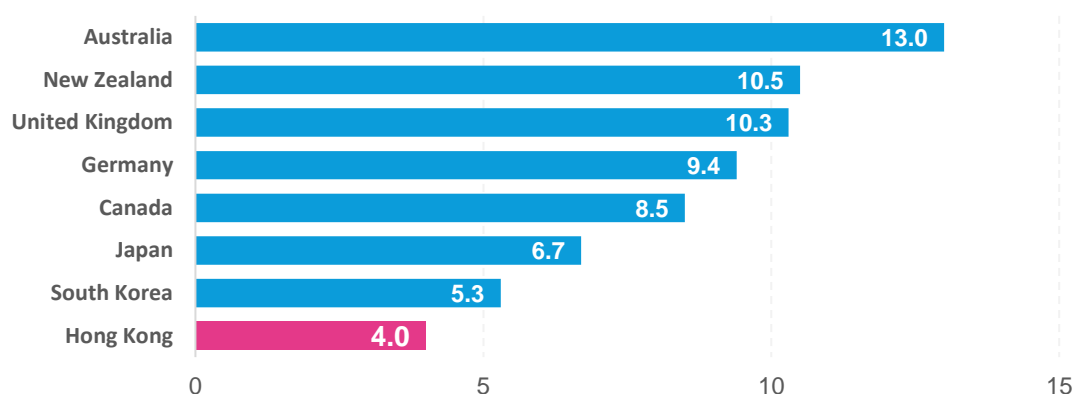
To motivate employees who are currently low paid to continue to work, the minimum wage rate should not be lower than the current CSSA level. According to the number of CSSA cases reported by the Social Welfare Department in 2015 and the actual CSSA payment as at 2018, the average monthly CSSA payment for a two-person family is HK\$9,610³⁰. Based on the 2017 Report on Annual Earnings and Hours Survey and assuming one working family member

³⁰ <https://www.legco.gov.hk/yr17-18/chinese/panels/ws/papers/ws20180212cb2-812-7-c.pdf>

has to support one unemployed person on average, an elementary worker who works 50.5 hours per week, six weeks a month – which is the median number of working hours per week – the corresponding hourly rate should be: HK\$9,610 / 8.3 hours / 26 days = HK\$44.5. This shows that the current minimum wage rate is insufficient to support the basic needs of workers and their families, and it is way below the CSSA level as well. This could possibly lower the incentive of low-income workers to continue working in order to be relieved from poverty in the long run.

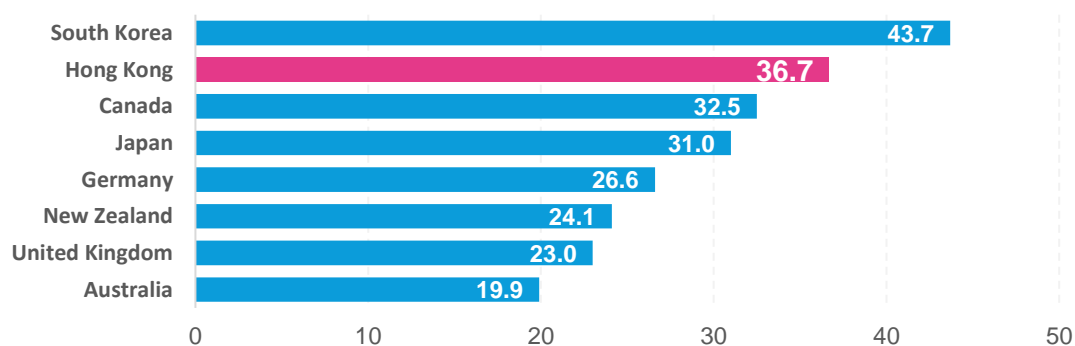
When compared to other developed economies, the minimum wage in Hong Kong is unfortunately very low, and employees' purchasing power is relatively low as well. For instance, the amount of time workers need to work to buy a Big Mac from McDonald's according to the Economist's Big Mac Index – a piece of research done every half a year that compares uses the minimum wage in 2016 as a base for calculation – workers in Hong Kong would need to work 36.7 minutes to earn enough to buy a hamburger. This is just slightly above South Korea's 43.7 minutes, and clearly demonstrates that those who earn minimum wage's purchasing power is extremely low.³¹

Figure 17: Minimum hourly wage of the developed areas (2016) (US\$)



Data source: The Economist

Figure 18: Working time needed to buy a Big Mac from McDonald's using minimum wage (2016)



Data source: The Economist

³¹ <https://stats.oecd.org/Index.aspx?DataSetCode=RMW>;
https://www.censtatd.gov.hk/hkstat/sub/sp270_tc.jsp?tableID=052&ID=0&productType=8;
https://www.censtatd.gov.hk/hkstat/sub/so210_tc.jsp; <http://www.economist.com/content/big-mac-index>

5.2.5 Paying a living wage to support workers' basic needs

As the minimum wage has been unable to support workers' living expenses in many countries, the living wage movement gradually started to appear in some countries. A living wage is a wage rate that can support workers' and their families' basic needs, e.g. affording a balanced diet, reasonable living space, regular social life, basic education and medical needs. For employers, paying the minimum wage ensures that employees' wages are not too low, however, they are not considering whether the wage rate is sufficient for living. A living wage makes up for what the minimum wage lacks. The biggest difference between the two is that the former is voluntary in nature while the latter one is regulated by government legislation.

Amongst the living wage movements around the world, the movement has been most successful in the United Kingdom. The living wage movement in the United Kingdom began in 2001. Community groups in London back then noticed that many of their residents were working two jobs and earning what was equivalent to the minimum wage rate but still unable to support their basic living needs. They had to work long hours as well, sacrificing their time to take care of their families and lead healthy social lives. As a result, local groups and trade unions, and human resources consultants discussed this with employers who agreed with the concept of paying a living wage, and set up a platform to promote the living wage.

A community group which had been promoting the living wage in the United Kingdom set up the Living Wage Foundation in 2011 to further establish the certification system and continue to promote the living wage in other places within the United Kingdom (including Scotland, Ireland and Wales). Now, almost 4,000 employers are certified (including government departments, social welfare organisations, public medical systems, service contractors, multinational enterprises etc.) and are committed to paying a living wage to their employees (including direct employees, contract staff and subcontractors). The statutory minimum wage rate in the United Kingdom now is £7.5 per hour³² (approximately HK\$78). The minimum wage rate in London is £10.2 per hour (approximately HK\$105) while that of outside London is £8.5 per hour³³ (approximately HK\$91).

Low-income households in Hong Kong, being one of the areas with the highest living costs in the world, often face great pressure when it comes to living expenses. With ever-increasing prices and rent, low-income workers who earn minimum wage can only work longer hours to support their living expenses. However, long working hours often negatively impact workers' health and families; therefore, paying workers a living wage offers a way out of this dilemma.

³²<https://www.gov.uk/national-minimum-wage-rates>

³³<https://www.livingwage.org.uk/calculation>

5.2.6 Exploitation created by the government outsourcing system

The Hong Kong government has been outsourcing the provision of public services to the private sector since 1997. Although service contractors must disclose information like workers' monthly salary level, working hours and wage payment methods based on the Standard Employment Contract, non-skilled contractual workers are usually paid minimum wage under the 'lowest bid wins' outsourcing system.

'Poverty. Full-time', a visual art exhibition, was held by Oxfam in January 2017³⁴, with the aim to explore in detail the exploitations faced by the contractual workers. Apart from receiving a relatively low salary, grassroots contractual workers also have to deal with other problems such as hostile working environments, inadequate work equipment, the inability to accumulate years of working experience with the same duty and the same location, being forced to sign false self-employment contracts by unscrupulous employers, and unpaid severance payments and long service payments.

According to the government data, in year 2016/17, more than 20,000 contractual workers were hired by the Food and Environmental Hygiene Department³⁵ and Leisure and Cultural Services Department³⁶ alone, with more than half of them engaged in work such as cleaning, security, gardening and venue management. According to scholarly research, the monthly salary of a non-outsourced workman II is approximately HK\$12,000 while that of outsourced workers of the same trade is only HK\$7,000 to HK\$8,000, leading to a 30-40% difference in wage level.³⁷ After the increase in minimum wage, the working hours of some workers have been reduced by service contractors, resulting in a decrease, instead of increase, of their actual wages.³⁸

Take cleaners outsourced by the government as an example; a number of researches have indicated that most of the outsourced cleaners are paid minimum wage³⁹. Furthermore, cleaners have to purchase work equipment at their own expense, have unreasonable lunch hours and short rest breaks, and even have to eat their meals in hostile environments such as refuse collection points or cubicles inside public toilets⁴⁰. Being the largest employer of Hong Kong, it is disappointing to see that the government has failed to effectively protect workers' rights after outsourcing public services.

³⁴<http://povertyfulltime.oxfam.org.hk>

³⁵[http://www.fehd.gov.hk/tc_chi/legco/2017-18/FHB\(FE\)360.pdf](http://www.fehd.gov.hk/tc_chi/legco/2017-18/FHB(FE)360.pdf)

³⁶<https://www.lcsd.gov.hk/en/common/images/b5/doc/2017/HAB529-c.pdf>

³⁷https://news.mingpao.com/pns/dailynews/web_tc/article/20160606/s00001/1465152761711

³⁸<https://hk.news.yahoo.com/%E6%9C%80%E4%BD%8E%E5%B7%A5%E8%B3%87%E6%98%A8%E5%A2%9E-%E9%83%A8%E5%88%86%E6%B8%85%E6%BD%94%E5%B7%A5%E5%8F%8D%E6%B8%9B%E8%96%AA-231109729.html>

³⁹<https://www.hk01.com/%E6%B8%AF%E8%81%9E/116776/%E6%94%BF%E5%BA%9C%E6%B8%85%E6%BD%94%E5%B7%A5%E5%BE%85%E9%81%87%E5%B7%AE-%E5%83%85%E5%BE%97%E6%9C%80%E4%BD%8E%E5%B7%A5%E8%B3%87-%E5%9C%98%E9%AB%94%E5%80%A1%E6%AA%A2%E8%A8%8E%E5%A4%96%E5%88%A4%E5%88%B6%E5%BA%A6>

⁴⁰<https://www.hk01.com/%E6%B8%AF%E8%81%9E/111559/%E6%B8%85%E6%BD%94%E5%B7%A5%E7%9A%84%E5%80%8B%E6%82%B2%E6%AD%8C-%E8%B2%BC%E9%8C%A2%E6%89%93%E5%B7%A5%E6%9C%AA%E7%AE%97%E6%85%98-%E5%9D%90%E4%B8%8B%E4%BC%91%E6%81%AF%E7%94%9F%E6%80%95%E8%A2%AB%E6%8A%95%E8%A8%B4>

The inter-bureaux/departmental working group set up by the Secretary for Labour and Welfare is exploring options to improve the government outsourcing system to enhance the protection of workers, and ensure reasonable employment terms and conditions as well as labour benefits for non-skilled employees. The proposal is expected to be completed by the third quarter of this year. Oxfam expects the committee to better understand and discuss the problem constructively, and to improve the lives of low-income workers.

5.2.7 Institute statutory collective bargaining right to protect the rights of employees and employers

According to information from the ILO, 46 countries including Belgium, Finland, Netherlands, Norway, Spain, Switzerland and Sweden have signed the Collective Bargaining Convention to safeguard the collective bargaining right of workers.⁴¹

The then Legislative Council passed the Employee's Rights to Representation, Consultation and Collective Bargaining Bill in June 1997 to protect the collective bargaining right of workers. However, relevant legislation was repealed by the Provisional Legislative Council on 29 October of the same year. No actions were taken since in this respect; the undermined rights of workers has led to a significant drop in bargaining power with employers, which is mainly attributable to inequality.

However, it is often found in Hong Kong that workers join hands to fight with their employers for better benefits. Worker unions of some corporates (e.g. Cathay Pacific Airways Flight Attendants Union, Swire Beverages (Hong Kong) Employees General Union) play a crucial role and act on behalf of the employees in the negotiation against employers and have succeeded in improving the remuneration packages⁴², as well as opposing the implementation of the outsourcing system⁴³ etc. Without the protection of collective bargaining rights, employees can only initiate labour disputes to force employers to return to the negotiation table when they can no longer stand their working environments and arrangements. Apart from bringing equilateral bargaining rights to both employees and employers, the institution of a statutory collective bargaining right also lowers the chance of employers' financial loss caused by strikes and disputes. It also helps to foster better labour relations, and reduces inequality, resulting in a win-win situation.

⁴¹http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11300:0::NO::P11300_INSTRUMENT_ID:312299

⁴²<https://hk.news.appledaily.com/local/daily/article/20171104/20203933>

⁴³http://www.hkctu.org.hk/cms/article.jsp?article_id=892&cat_id=8

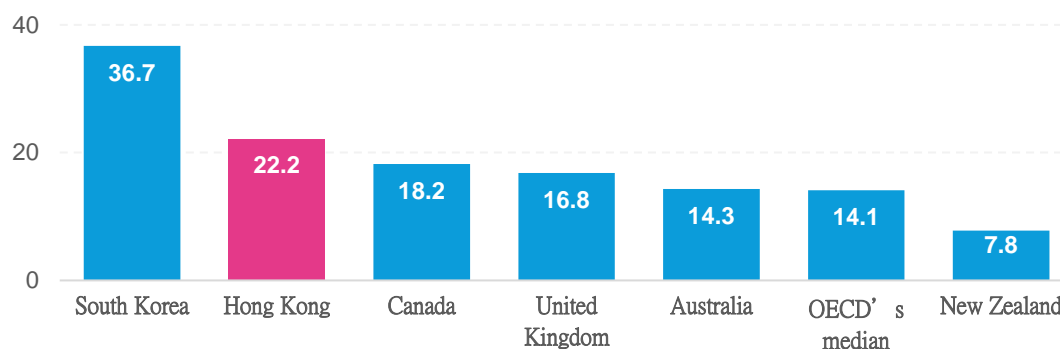
5.3 Women in poverty

In recent years, the majority of wealth has fallen in a small number of hands. As a result, societies and economies have become more unequal, and females often feel the burn more than men. Nowadays, the average income of females around the globe is lower than that of males. With the gender wage gap in Hong Kong being larger than that of most developed areas, as well as the low local female labour force participation rate, gender equality in the territory is worse than most think. The situation is found to be more severe amongst women in poverty. Their labour force participation rate only accounts for 20%, which is 30% lower than that of women in general households. Women in poverty generally cannot work in society because of their family obligations or they can only work part-time jobs. As such, many of them take up casual jobs that pay minimum wage and offer little protection, which keep them in the cycle of poverty.

5.3.1 The gender wage gap in the world and Hong Kong is 14.1% and over 20% respectively

According to the latest data announced in year 2012-16 by the OECD⁴⁴, the global average income of females is lower than that of males and the global gender median monthly income gap is 14.1% while that of Hong is 22.2%⁴⁵ as of 2016. In comparison, Hong Kong has a much higher gender wage gap than developed areas such as Canada, the United Kingdom, Australia and New Zealand. The gap is just slightly lower than that of South Korea (36.7%).

Figure 19: Gender median monthly income gap in developed areas (%)



Data source: OECD

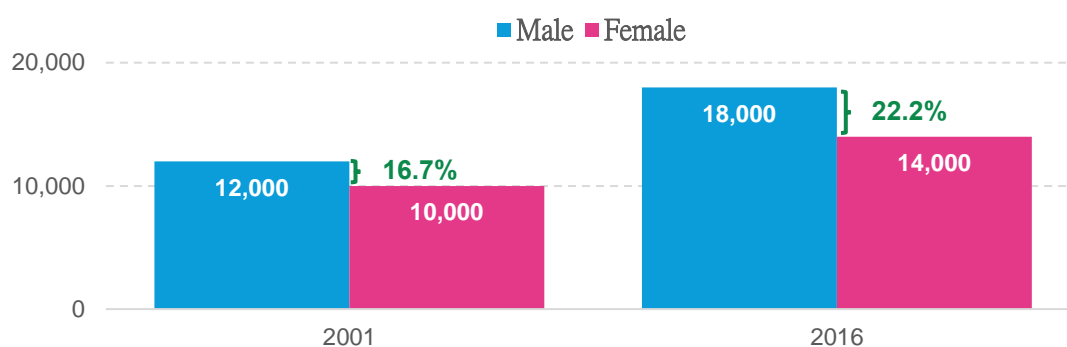
In addition, upon reviewing the data of gender employment earnings over the past 15 years, it is evident that the gap is becoming increasingly wider, and has grown significantly from 16.7% in 2001 to 22.2% in 2016⁴⁶, the gap is widened by 1/3.

⁴⁴OECD (2017), Gender wage gap (indicator). doi: 10.1787/7cee77aa-en (Accessed on 23 November 2017). Wage gap means the rate of median monthly earnings difference between two genders over male's median monthly earnings. The data are specified for full-time and self-employed employees.

⁴⁵ <http://www.statistics.gov.hk/pub/B11303032017AN17B0100.pdf>

⁴⁶Women and Men in Hong Kong - Key Statistics, P.283, Table 5.8A Median monthly employment earnings of employed persons (excluding foreign domestic helpers) by age group and sex, <http://www.statistics.gov.hk/pub/B11303032017AN17B0100.pdf>

Figure 20: Median monthly employment earnings of employed persons (excluding foreign domestic helpers) by gender⁴⁷



Data source: Report on Annual Earnings and Hours Survey

5.3.2 Labour force participation rate of females in Hong Kong lowest among developed countries

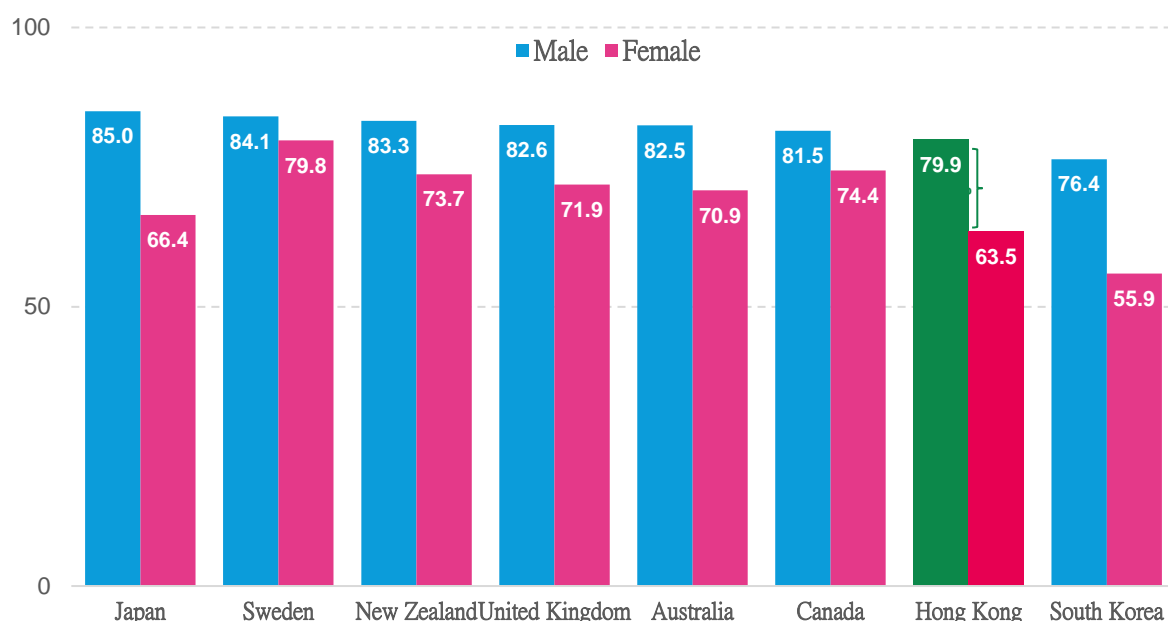
The disadvantaged economic status of women is not only reflected in the wage gap; the majority of people around the world still believe that females should take more responsibility for housekeeping, and taking care of children and the elderly at home than males, hence women's labour force participation rate is lower than that of men.

In 2016, the female labour force participation rates of Hong Kong and all developed countries were lower than that of males. The female labour force participation rate in Hong Kong then was 63.5%, one of the lowest in developed countries and regions. It is only higher than that in South Korea (55.9%)⁴⁸.

⁴⁷Census and Statistics Department

⁴⁸<https://stats.oecd.org>; <http://www.statistics.gov.hk/pub/B11303032017AN17B0100.pdf>

Figure 21: Labour force participation rate of population aged 15-64 in developed regions by gender (2016) (%)⁴⁹



Date source: OECD

Table 4: Gender labour force participation rate and differences among population aged 15-64 in developed regions (2016) (%)⁵⁰

	Male	Female	Difference
South Korea	76.4	55.9	20.5
Hong Kong	79.9	63.5	16.4
Japan	85.0	66.4	18.6
Australia	82.5	70.8	11.7
United Kingdom	82.6	71.9	10.7
New Zealand	83.3	73.7	9.6
Canada	81.5	74.4	7.1
Sweden	84.1	79.8	4.3

Date source: International Labour Organization

Comparing the differences in the male and female labour force participation rate, the difference in Sweden, where gender equality is highly valued, is a mere 4.3% while that in Hong Kong is 16.4%. Although the difference in Hong Kong is lower than that of South Korea and Japan, it is still higher than most developed areas.

⁴⁹International Labour Organization, 2016

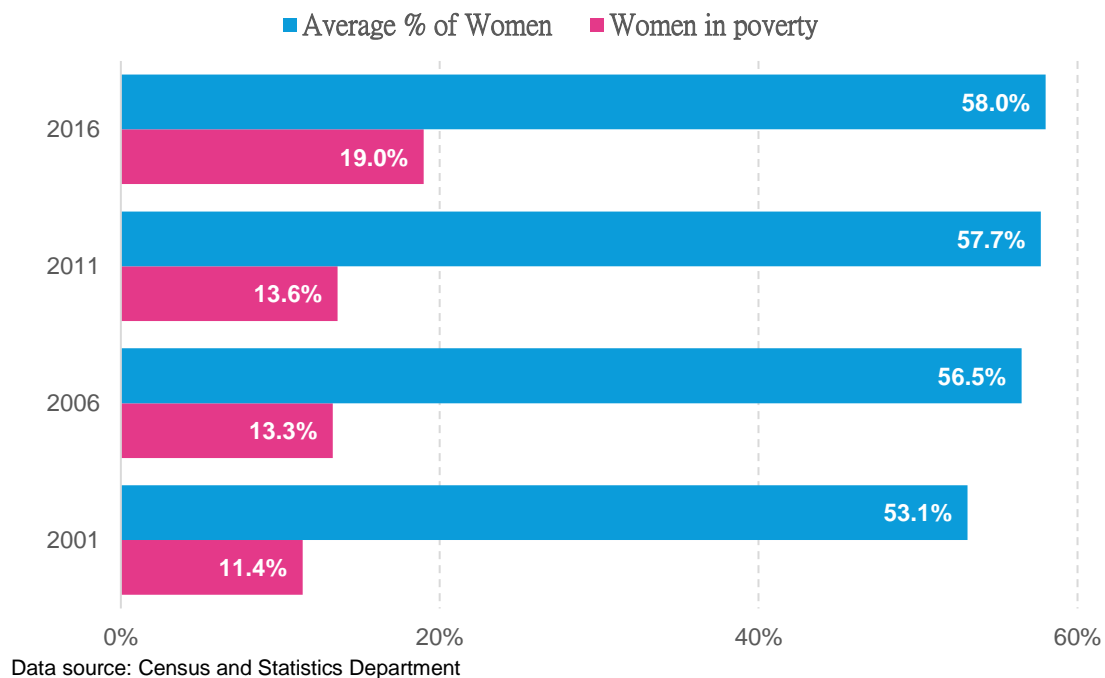
⁵⁰International Labour Organization, 2016

5.3.3 Less than 20% of women in poverty able to work

The labour force participation rate among women in poverty is only 19.8%, which is 31.4 percent points lower than that in general households (51.2%).

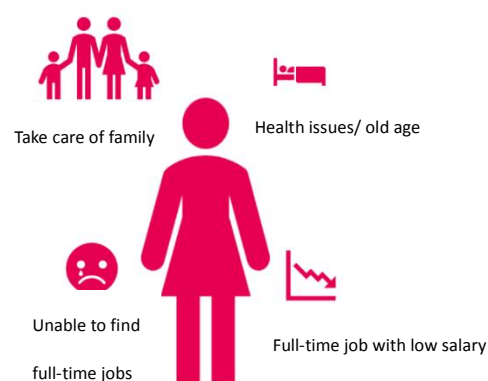
The female labour force participation rate further drops to 19% if there are children aged two or below in poor households. On the contrary, the female labour force participation rate remains at 58%, which is 39 percent points higher than that of women in poverty, for overall households with children aged two or below. This indicates that women in poor households cannot work in society because they have to take care of their family, resulting in a relatively lower labour force participation rate for these households compared to the average household.

Figure 22: Employment rate of women with children aged 2 or below (%)



5.3.4 Of the 150,000 casual workers in Hong Kong, 60% are women

Females, especially those in poverty, are usually unable to work because of their family burdens, or can only work part-time jobs. This limits their career choices, and a lot of them end up taking up casual work that only pay minimum wage and offer little to no protection.



Casual work is work where workers are not employed under a continuous contract of employment. According to the Employment Ordinance, being employed under a continuous contract refers to an employee who has been employed continuously by the same employer for four weeks or more, with at least 18 working hours per week. His/her contract is thus a continuous contract. An employee must be employed under a continuous contract and fulfill the related requirements as stipulated in the Ordinance to be eligible for the employee's benefits other than the basic protections such as rest days, statutory holidays, annual leaves, paid maternity leaves, sickness allowance, severance payment and long service payment etc. Casual workers are also known as non-418 employees, as they work continuously for the same employer for fewer than four weeks and/or fewer than 18 working hours per week.

According to the data collected by the Census and Statistics Department, the number of people engaged in casual work in the private sector was 149,800 in 2016, showing a 16.4%⁵¹ increase from 2001. Among them, 89,100 people are female, accounting for 59.5% of all casual workers; the rate is higher than 57.2% in 2014.

5.3.5 Over 80% of casual workers lack labour protection

Oxfam's Research on Low-Income Casual Work in Hong Kong (2017) revealed that over 80% of casual workers work without labour protection. Many were not entitled to or did not receive sick leave, payment in lieu of notice, pay on statutory holidays, annual leave, long service payments, severance payments or end of year payment. As stipulated by law, it is mandatory for all employers to purchase compensation insurance⁵² and arrange MPF schemes for employees⁵³. However, up to 78% and 75% of interviewees indicated that they did not have insurance and MPF in place respectively. In fact, this is highly related to labour relations. If employees are forced to be 'self-employed', employers will no longer need to provide work injury compensation or MPF

⁵¹Census and Statistics Department. 2012-2016. 'Report on Annual Earnings and Hours Survey'

⁵² As stipulated in the Employee's Compensation Ordinance of Hong Kong, all employers must purchase employees' compensation insurance for employees regardless of the length of contract period or working hours, full time or part time, regular or temporary.

⁵³ The law stipulates that employers must arrange MPF scheme for part-time employees employed for 60 days or above regardless of his/her actual working days or hours.

contributions despite the existing labour relation between the employers and employees.

Oxfam thus suggests the government to redefine and relax the meaning of 418, so that employees can be protected under Labour Ordinance as long as they work 72 hours per month. The government should also draw up a timetable for legislation to better protect casual workers. The administration should also study Japan, South Korea, Singapore, Taiwan and other affluent countries' experience of using providing employment benefits pro-rata so that women from poor households are provided with basic labour protection. Moreover, the government should educate employers and employees on the Labour Ordinance. The Labour Department also needs to carry out more rigorous inspections and prosecute employers if they are not willing to take out insurance against injuries at work or evade the responsibility of making MPF contributions to curb the exploitation of employees.

Table 5: Comparison of statutory employee benefits part-time employees have in Asian regions⁵⁴

	Japan	South Korea	Singapore	Taiwan	Hong Kong
Definition of part-time employee	Fewer working hours than full-time employees per week	Fewer working hours than full-time employees per week	35 or fewer working hours per week	No recognised definition	'418' working hours
Wage protection	✓	✓	✓	✓	✓
Paid rest days	✓	15 working hours or above per week	✓	✓	×
Paid annual leave	✓		Calculated pro-rata after three months of employment	✓	×
Paid statutory holidays	×	✓	✓	✓	×
Paid sick leave	×	×	✓	✓	×
Paid maternity leave	✓	✓	✓	✓	×
Paid paternity leave	×	✓	✓	✓	×
Dismissal and severance protection	✓	✓	✓	Calculated pro-rata	×

Data Source: Panel on Manpower (the Legislative Council)

5.3.6 The absence of an integrated policy on bazaars

According to the Commission on Poverty's 'Hong Kong Poverty Report 2016', the largest proportion of people living in poverty were found mainly in five districts: Sham Shui Po, Kwun Tong, Kwai Ching, North District and Yuen Long; the poverty rates in these areas were 16.8%, 16.2%, 16.4%, 18.7% and 16.8% respectively, and were generally higher than the average poverty rate in Hong Kong (16.3%). In addition, the 2016 Population By-census showed that the women's labour force participation rate in these districts was lower than the average rate in Hong Kong (54.4%): 51.3% in Kwun Tong, 52.1% in Kwai Ching, 49.4% in North District and 51.7% in Yuen Long. Only Sham Shui Po, at 54.5%, had a higher than average rate. In these areas, low-income families face a lot of pressure when it comes to taking care of their families. Women are unable

⁵⁴Research Office of Legislative Council Secretariat. May 2017 *Review of employment benefits under continuous contract in Hong Kong*

to work full-time or go out to work because they often need to take care of young children. However, there is a lack of work in their districts that can accommodate their family responsibilities. As such, the problem of poverty has only deteriorated.

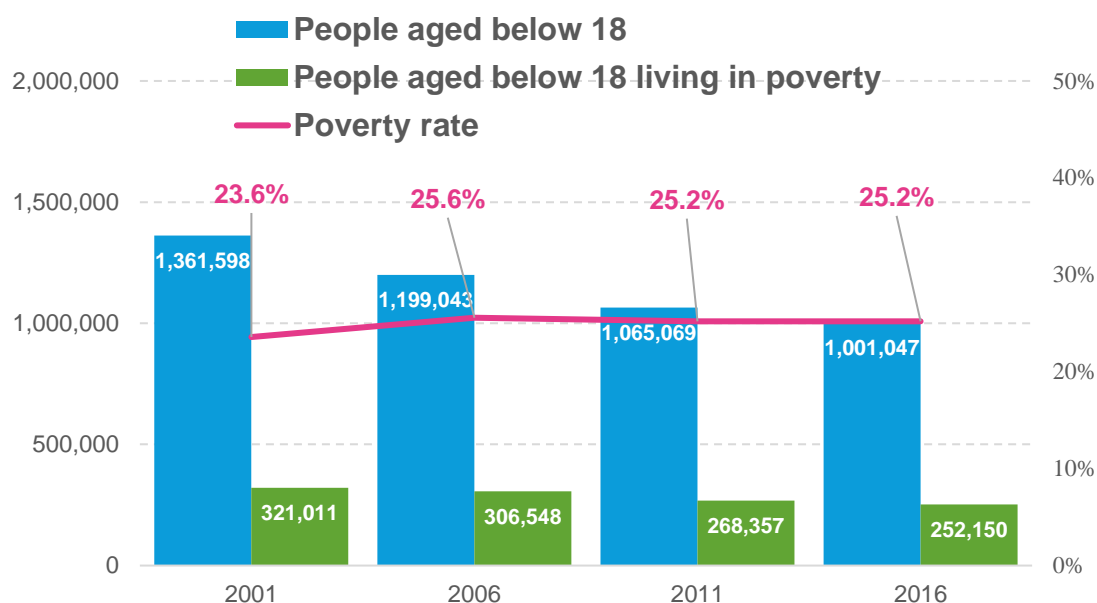
In the Carrie Lam's election manifesto, she mentioned developing district economies through, for example, studies on the establishment of special bazaars in various districts, but thus far, no practical measures have been implemented by the government. Relevant policies are also often criticised as there are too many hurdles need to overcome to make it a reality. Civil society organisations often need to go through complicated and long processes to organise a bazaar, since the application involves different government departments and bureaus, like Lands Department, Food and Health Bureau, district councils and Leisure and Cultural Services Department, but there has been a lack of coordination between them, which has caused much confusion.

Bazaars not only create business opportunities for low-income families, but also enable women to support their families, relieve economic pressure and escape poverty. The government should thus relax existing policies, and ensure better communication among the various departments and bureaus involved in the application process.

5.4 Children in poverty

In 2016, there are around 252,000 children living below the poverty line in Hong Kong and the poverty rate among them stands at 25.2%, meaning one in every four children live in poverty.

Figure 23: Number of children* living in poverty (%)
(*children are people aged below 18.)



Date source: Census and Statistics Department

Children are the greatest asset in society and the pillars of Hong Kong's future. Hong Kong will ultimately be the largest beneficiary if the government allocates more resources on child services. Doing this will also help reduce inter-generational poverty. Currently, some women who live in poverty cannot afford foreign or local domestic helpers, so they have to take care of young children on their own and are unable to work. Government child care services, however, are in serious shortage, especially child care services for children aged 0-2. In 2016, on average, only 1 in 148 children aged 0-2 received an aided full-day child care service place. The situation in some districts, particularly the Islands, Tai Po, Sai Kung, Kwai Tsing and Wong Tai Sin, is even worse. Women can only give up the idea of working since they have to take care of their young children, which indirectly causes the children to continue to live in poverty, thus creating a vicious cycle.

5.4.1 Serious shortage of child care services

In 2016, there were a mere 1,103 aided full-day child care service places for 0- to 2-year-old children, meaning only one in 148 child of this age had access to government child care services.

Table 6: Ratio of children aged 0-2 to child care places

Full-day child care places for children aged 0-2 in Hong Kong in 2016 ⁵⁵ (A)	Population of children aged 2 or below in Hong Kong in 2016 (B)	(A):(B) ratio
1,103	162,779 ⁵⁶	1:148

Data source: Census and Statistics Department, Budget Question

Currently, child care services for children aged 0-2 are mainly provided by aided standalone child care centres (formerly known as day care centres) and some kindergarten-cum-child care centres. Over the last decade, the number of full-day child care service places for aided standalone child care centres has remained at around 700 with a consistently high usage rate (the average usage rate has basically remained at 100% for the last five years). In addition, some kindergarten-cum childcare centres provide over 300 full-day child care places for children aged 0-2. Clearly, since 2010, except for some districts (e.g. Eastern District) that had remaining places, the usage rates in other districts have been close to 100%.

According to the 2017 Policy Address, the government will add a total of approximately 300 aided full-day standalone child care centre places⁵⁷ in the North, Kwun Tong, Kwai Tsing and Shatin Districts in the year 2018/19, which is a huge breakthrough in terms of providing more places. However, considering the number of children in Hong Kong, the supply is still insufficient. For this reason, the government should not adopt a piecemeal approach when dealing with the shortage of child care service places.

⁵⁵2015-2016 Total number of full-day places of aided standalone child centres and kindergarten-cum-child care centres: 736+367=1103

⁵⁶2016 Population By-census, Census and Statistics Department.

⁵⁷136th item of 2017 Policy Address, https://www.policyaddress.gov.hk/2017/chi/policy_ch04.html

Table 7: Place and usage rate of aided full-day standalone child care centres and kindergarten-cum-child care centres for children aged 0-2

Financial year	Aided standalone child care centre places (full-day only) ⁵⁸	Average usage rate	Full-day places for kindergarten-cum-child care centres ⁵⁹	Average usage rate
2010-2011	690	98%	339	75%
2011-2012	690	99%	341	76%
2012-2013	690	100%	353	79%
2013-2014	690	100%	341	79%
				(most of the remaining places are in the Eastern/Wan Chai District)
2014-2015	722	99%	341	77%
				(most of the remaining places are in the Eastern District)
2015-2016	736	100%	367	76%
				(most of the remaining places are in the Eastern District)
2016-2017	738 (revised estimated figure)			

Data Source: Census and Statistics Department, Budget Question

5.4.2 Severely uneven distribution of child care places across districts

Child care service places for children aged 0-2 aided by the government are disproportionate to the child population. The rates in Tai Po (1:437), Kwai Chung (1:359), Sai Kung (1:314) and Wong Tai Sin (1:260) are particularly alarming. The Islands District have a completely lack of standalone child care centre and kindergarten-cum-child care centre places.

The Planning Department's Hong Kong Planning Standards and Guidelines indicates that most public facilities are planned based on the proportion of population in need of those facilities. The previous government also stipulated that there should be one child care centre for children aged 0-6 set in each community of 20,000 people. Right now, the number is set by the government depending on the estimated demand, social and economic situation, regional characteristics and other child support services provided in the particular region⁶⁰. This has caused a severe shortage of child care centres in some

⁵⁸2010-2012 http://www.legco.gov.hk/yr12-13/chinese/fc/fc/w_q/lwb-ww-c.pdf 16th Section LWB(W) - P.868

2012-13 <https://www.budget.gov.hk/2014/chi/pdf/chead170.pdf>

2013-14 <https://www.budget.gov.hk/2015/chi/pdf/chead170.pdf>

2014-2015 <https://www.budget.gov.hk/2016/chi/pdf/chead170.pdf>

2015-2017 <https://www.budget.gov.hk/2017/chi/pdf/chead170.pdf>

⁵⁹2010-2013 http://gia.info.gov.hk/general/201311/06/P201311060524_0524_119972.pdf

2013-2016 http://www.legco.gov.hk/yr15-16/chinese/fc/fc/w_q/lwb-ww-c.pdf 20th Section LWB(WW) - P.1655

⁶⁰Hong Kong Planning Standards and Guidelines, P.11,

regions.

In the past few years, quite a number of young couples have moved and settled in new development areas, but these regions are in shortage of child care services. For example, there are no full-day standalone child care centres in Tseung Kwan O of the Sai Kung District. While in Tung Chung of the Islands District, no full-day standalone child care centres or kindergarten-cum-child care centre places are provided at all. Although many children reside in public housing in these new development areas, without child care services, low-income families would have to spend time on child care and not being able to work in the society, leading to the continuance of poverty.

Table 8: Ratio of full-day child care service places for children aged 0-2 to child population in each district (2015-2016)

Districts/Places	No. of places at child care centres ⁶¹	No of places at Kindergarten and child care centre ⁶²	No. of Full-day child care service centres	Population of children aged 2 or below (2016) ⁶³	Ratio
Central and Western	48	0	48	4,345	1:91
Eastern Islands	64	60	124	12,234	1:99
	0	0	0	4,199	No such service
Kowloon City	64	32	96	9,618	1:100
Kwai Ching	32	0	32	11,494	1:359
Kwun Tong	0	72	72	14,335	1:199
North	48	0	48	7,531	1:157
Sai Kung	0	36	36	11,318	1:314
Shatin	70	0	70	13,815	1:197
Sham Shui Po	62	16	78	10,133	1:130
Southern	0	30	30	6,405	1:214
Tai Po	0	14	14	6,115	1:437
Tsuen Wan	76	24	100	7,492	1:75
Tuen Mun	64	0	64	10,187	1:159
Wan Chai	48	32	80	3,122	1:39
Wong Tai Sin	0	31	31	8,051	1:260
Yau Tsim Mong	96	0	96	7,461	1:78
Yuen Long	64	20	84	14,924	1:178
Total	736	367	1,103	162,779	1:148

Data Source: Census and Statistics Department, Budget Question

http://www.pland.gov.hk/pland_tc/tech_doc/hkpsq/full/index.htm

⁶¹Financial Committee's Examination of Estimates of Expenditure 2017-18, 19th Section LWB(WW) - P.388, places and utilisation rate of aided standalone child care centre and others (Apr-Dec 2016), http://www.legco.gov.hk/yr16-17/chinese/fc/fc/w_q/lwb-ww-c.pdf

⁶²Financial Committee's Examination of Estimates of Expenditure 2016-17, 20th Section LWB(WW) - P.1655, Total number of places and utilised places of full-day services by kindergarten-cum-child care service, http://www.legco.gov.hk/yr15-16/chinese/fc/fc/w_q/lwb-ww-c.pdf

⁶³Census and Statistics Department, 2016 Population by-census

5.4.3 Child care service lacks waiting indicators and criteria

Parents have to wait for a long period of time because there are inadequate places for aided full-day child care centres. As the Social Welfare Department has no performance pledge and waiting criteria, record of information such as applicants' application numbers, or the waiting time for various child care services (including full-day standalone child care centre and kindergarten-cum-child care centre)⁶⁴, parents are unable to make plans on which child care centre they can send their children to. As such, it is commonplace for parents to file child care service applications for their children during the early stages of pregnancy so as to receive these services six to nine months after giving birth. Working mothers who are unable to gain access to these services oftentimes quit their jobs and become stay-at-home mothers.

5.4.4 Ineffective Neighbourhood Support Child Care Project

The Social Welfare Department implemented the Neighbourhood Support Child Care Project in 2008 to build a network of 'home-based child carers' in order to provide flexible child care services to families with children aged nine or below, especially those who need to work shifts for an extended period or with special needs. The Neighbourhood Support Child Care Project has been running on a voluntary basis and the carers only receive a small allowance of HK\$18 to HK\$24 per hour.⁶⁵ Some of the child carers thus lack the motivation to continue offering these services. Furthermore, parents often complain about the inadequate number of home-based child carers. According to the Census and Statistics Department, there are nearly 570,000 children aged 0-9 in Hong Kong as of 2015/16⁶⁶, but there are currently only 1,864 home-based child carers.⁶⁷ Parents thus often struggle to hire a child carer because of the overwhelming demand and limited supply.

⁶⁴ Written questions of the Legislative Council, <http://www.info.gov.hk/gia/general/201511/18/P201511180696.htm>

⁶⁵ Replies to Finance Committee's controlling officer in examining the Estimates of Expenditure 2017-18, P.493, https://www.legco.gov.hk/yr16-17/chinese/fc/fc/w_q/lwb-ww-c.pdf

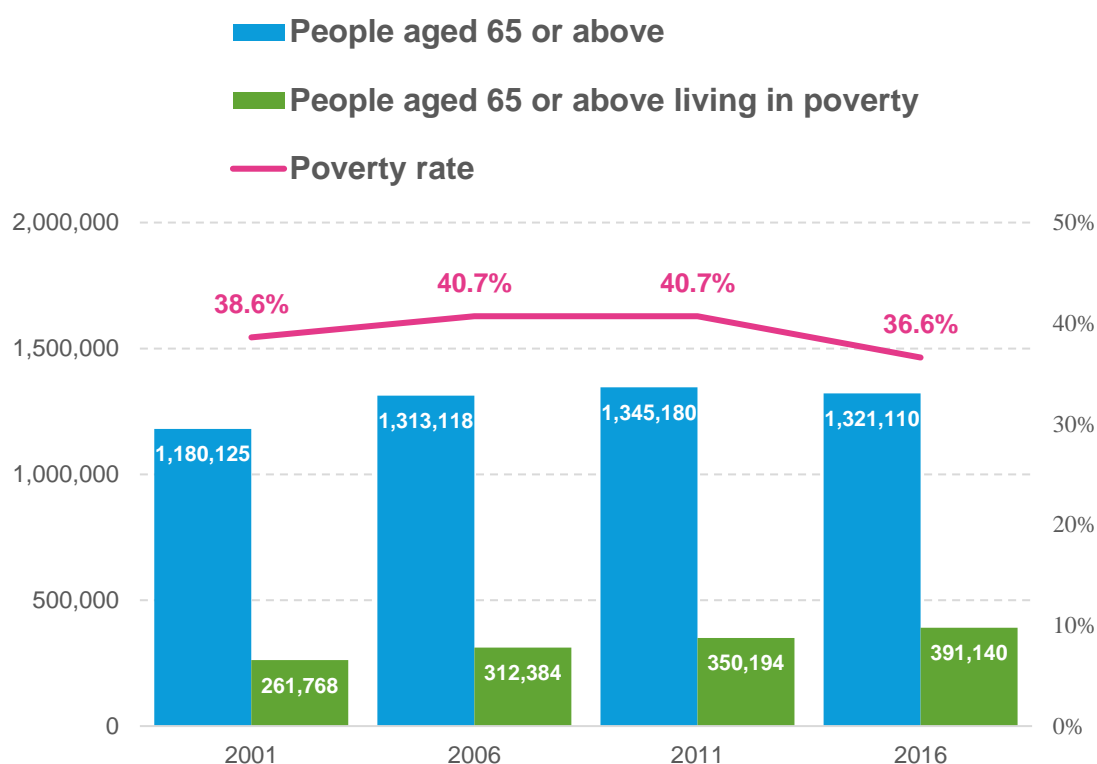
⁶⁶ Census and Statistics Department, 2016 Population by-census

⁶⁷ Replies to Finance Committee's controlling officer in examining the Estimates of Expenditure 2017-18, P.493, https://www.legco.gov.hk/yr16-17/chinese/fc/fc/w_q/lwb-ww-c.pdf

5.5 Elderly in poverty

Statistics from the Census and Statistics Department show that more than 390,000 elderly persons aged 65 or above lived in poverty in 2016. The poverty rate among the elderly population was 36.6%, meaning one in every three elderly citizens lived in poverty. As the problems associated with an aging population are getting worse and the number of elderly persons are continuing to increase, it is of paramount importance that the government takes even more proactive measures to prevent elderly poverty.

Figure 24: Poverty rate among people aged 65 or above



Data Source: Census and Statistics Department

Hong Kong has adopted the four-pillar pension model proposed by the World Bank. The four pillars are a multitiered social security system. 'Zero pillar' is a non-contributory level of protection provided by the government; the 'first pillar' involves mandatory contributions as a part of one's earnings; the 'second pillar' is also mandatory, like the MPF, and other occupation-based retirement protection scheme related to one's career. The 'third pillar' involves voluntary savings, while public services, family support and personal assets constitute the 'fourth pillar'. By following this model, the responsibility of providing retirement protection is shared amongst individuals/families, employers and the government.

That said, loopholes still exist in this model. For instance, with regard to the second pillar, severance payments and long service payments can be offset using employees' retirement funds, which greatly reduces retirees' MPF

benefits and affects their retirement protection. There are also a substantial number of people who are unable to provide the elderly members of their family with support (fourth pillar). According to the Population By-census, the number of non-taxpayers in Hong Kong's labour force has exceeded 1.5 million, which is nearly half of the labour force (45%), and most of them are expected to be people living in poverty.⁶⁸ This reflects their limited ability to support their dependent parents or to take care of the elderly at home. Further, it is difficult for senior citizens living in poor households to support themselves for 20 years using just their voluntary savings (third pillar).⁶⁹

Table 9: Comparison between number of people in labour force and income taxpayers

	Number
No. of people in labour force (foreign domestic helpers excluded) (A) in 2016	3,419,107
No. of income taxpayers in 2015/16 (B)	1,851,742
Estimated total number of non-taxpayers in labour force (annual income below 120,001)(A-B)⁷⁰	1,567,365

Data source: Population by Census

In order to cope with the problems caused by an aging population and the retirement of more and more senior citizens, effective measures must be taken and the current multi-pillar system must be strengthened. In particular, more should be done with regard to the non-contributory 'zero pillar' and the second pillar, as these are the greatest sources of support most senior citizens have. How these can be improved is discussed below.

5.5.1 Government should strengthen non-contributory zero pillar to support vulnerable senior citizens' basic living expenses

Although the government has scrapped the requirement of a 'bad son statement' when seniors apply for the CSSA, CSSA applications are still family-based. So if seniors living in poverty want to apply for CSSA while their children do not want to, the only solution is to move away from their children and apply again. As such, many elderly citizens are forced to move away from their residences without any care from their family, which goes against the government's wishes for elderly members of the society to age in place.

According to the current CSSA application process, the pocket money applicants receive from their children is also counted as part of their income, and is deducted from the CSSA subsidy they receive. This, however, discourages children from supporting their parents financially.

⁶⁸2016 Population By-census – Working population by monthly income from main employment and years (foreign domestic helpers excluded), Inland Revenue Department, 2016-17 Annual Report – Appendix 5 (Analysis of Allowances for the year of assessment 2015-16)

⁶⁹ Statistics (Note) from "Hong Kong Life Tables 2009-2064" published by Census and Statistics Department in 2015, the average expected life span of 65-year-old men is 20 years and that of women is longer than men (i.e. 24.5 years).

⁷⁰2016 Population By-census – Working population by monthly income from main employment and years (foreign domestic helpers excluded), Inland Revenue Department, 2016-17 Annual Report – Appendix 5 (Analysis of Allowances for the year of assessment 2015-16)

http://www.povertyrelief.gov.hk/chi/pdf/721700013_Poverty%20Alleviation_C_rev.pdf · p.51

The latest Policy Address suggests further optimising the Old Age Living Allowance (OALA), including adding an extra tier that offers a higher allowance (HK\$3,434 per month) on top of the existing allowance (HK\$2,565 per month) to offer greater protection to seniors who are more financially in need and are eligible for the allowance. Oxfam agrees with this approach to support vulnerable seniors. In fact, to elderly citizens with little savings, and even those who have a few hundred thousand dollars, they are reluctant to use their savings as they cannot predict their life span or the future risks (e.g. diseases) they may face. Without other stable sources of income, most elderly have to skimp on their expenses.

The government has reiterated that the purpose of OALA is to alleviate poverty, thus it should and work on the possibility of further increasing the OALA to cater to the needs of elderly citizens in poverty. The current average monthly allowance for an elderly person is HK\$6,394.⁷¹ As a matter of fact, the CSSA is the most basic safety net for people in Hong Kong. Senior citizens have made contributions to society throughout their lives and are financially vulnerable, as such, society should give back to them. The government should also ensure their monthly income after retirement is at least close to what they would receive through the CSSA to ensure a decent standard of living.

In view of this, Oxfam suggests the government to set the OALA based on CSSA figures. The higher OALA should be 65% of the elderly's monthly CSSA, i.e. HK\$4,156; and the OALA should be 55% of the elderly's monthly CSSA, i.e. HK\$3,516, in order to enable them to live with dignity.

5.5.2 Government should scrap MPF offsetting mechanism, which weakens protection MPF should provide

Under the current retirement protection system, the MPF (second pillar) aims to provide future retirement protection through the contributions of the working population; this is especially important for low-income workers. However, the MPF offsetting mechanism, which has yet to be scrapped, allows employers to offset all or part of dismissed employees' severance and long service payments using employers' accrued contributions. In 2016, the total amount that was offset by employers reached HK\$3.86 billion, of which HK\$2.04 billion was used to offset severance payments and HK\$1.81 billion was used to offset long service payments.

Under the current MPF system, no contribution is required from employees who earn a monthly income lower than HK\$7,100. If this amount is calculated by 26 working days per month and eight hours per day, the corresponding hourly rate would be HK\$34. According to the '2016 Report on Annual Earnings and Hours Survey' by the Census and Statistics Department, there are currently 60,200 workers whose salaries are below this salary level, and it is expected that most of them would not be required to make contribution. Therefore the offsetting mechanism wiped out a huge proportion or even all of their MPF, and meeting basic daily needs would be a burden to them

⁷¹https://www.legco.gov.hk/yr16-17/chinese/hc/sub_com/hs51/papers/hs5120180324cb2-1065-1-c.pdf

Let's assume that a grassroots worker with monthly salary of \$7,100 is dismissed after working for 2 years. The MPF he gets from the employer's contribution will be $\$7,100 \times 0.05 \times 24 \text{ months} = \$8,520$, and the severance payment he is entitled to will be $\$7,100 \times 2/3 \times 2 \text{ years} = \$9,467$. Under the hedging mechanism, the employer only needs to pay the worker an extra amount of \$947 and the worker loses almost all of his MPF.

5.5.3 Government should improve public services to satisfy demand for elderly services

As many senior citizens often face health issues as they get older, it is important that the government improve public services and make it accessible to more people. According to the 2017/18 Social Welfare Department Budget, the registration rate of elderly day care centres and elderly day care units has reached 105%, showing that the existing service quota does not satisfy the current demand.⁷² Hong Kong has a notoriously low supply of residential care places for the elderly; the total number of places was 73,600 in 2015/16, which was a 3% drop compared to five years prior, yet there was a 24% increase in the elderly population. The average waiting time for Care-and-Attention places and Nursing Home places is 20 and 26 months respectively;⁷³ In 2015, nearly 6,000 senior citizens passed away before they received an offer for Care-and-Attention places and Nursing Home. Latest data also suggested that patients must wait up to 78 weeks to see a specialist in the HK public hospitals, the long waiting time definitely put in-needed senior citizens in a dangerous position.

⁷²<https://www.budget.gov.hk/2017/chi/pdf/chead170.pdf>

⁷³<https://www.legco.gov.hk/research-publications/chinese/1617issh22-residential-care-services-for-the-elderly-20170314-c.pdf>

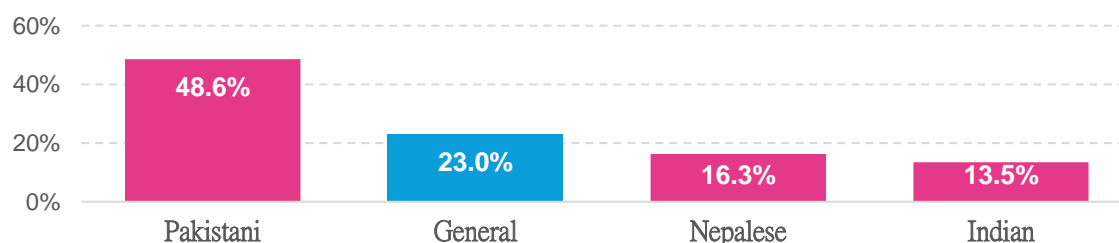
5.6 Ethnic minorities

For ethnic minorities residing in Hong Kong, the lack of proficiency in Chinese has become a barrier to pursuing a higher education, applying for subsidies and using public services. With limited upward social mobility, many can only work as elementary or low-income workers and are unable to escape poverty. According to recent statistics, one in three ethnic minority children (South Asian and Southeast Asian people under 18 years old) lives in poverty. The poverty rate among ethnic minorities is more severe than the citywide average, and the problem of intergenerational poverty occurs more frequently among this population. One of the most important ways to ensure this population can overcome poverty is to improve their Chinese proficiency.

5.6.1 Poverty rate among South Asians stands at 23%

According to the 'Hong Kong Poverty Situation Report on Ethnic Minorities 2016' (the Report) published by the government, there are roughly 255,000 ethnic minorities in Hong Kong (excluding foreign domestic helpers). South Asians (including Indians, Pakistanis and Nepalese) make up the largest proportion of the ethnic minority population and the poverty rate among them is 23%; the poverty rate among the Pakistani population is particularly severe as the poverty rate among them is 48.6%. The number of employed persons (especially women) among Pakistani households is relatively low, and since they generally have more children that need to be taken care of, these families carry heavier financial burdens.

Figure 25: Poverty rate among South Asian population

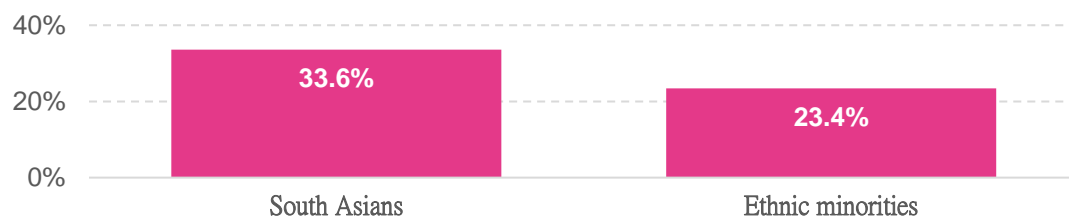


Data Source: Hong Kong Poverty Situation Report on Ethnic Minorities 2016

5.6.2 One in three South Asian children lives in poverty

The Report also revealed that the poverty rate among South Asian children is 33.6%, which is substantially higher than that of all ethnic minority children (25.2%). Even with policy intervention, the poverty rate among South Asian households with children is still estimated to be 29.1%, which is higher than the average poverty rate of 15.3% in Hong Kong during the same period.

Figure 26: Poverty rate among South Asian children as compared to poverty rate among ethnic minorities



Data source: Hong Kong Poverty Situation Report on Ethnic Minorities 2016

5.6.3 Ethnic minorities are less proficient in Chinese

As mentioned in 5.6, the poverty many South Asians face is closely related to their poor Chinese proficiency. The Report revealed that South Asians are more proficient in English than Chinese, and their Chinese reading and writing skills are weaker than their speaking skills. Oxfam's 'Survey on the Chinese Learning Challenges South Asian Ethnic Minority Kindergarten Students from Low-Income Families Face' (2014)⁷⁴ also revealed that 58% of South Asian parents cannot read Chinese and a quarter of the respondents (26.6%) could not speak Cantonese. As such, most parents could not support their children's Chinese-learning at home.

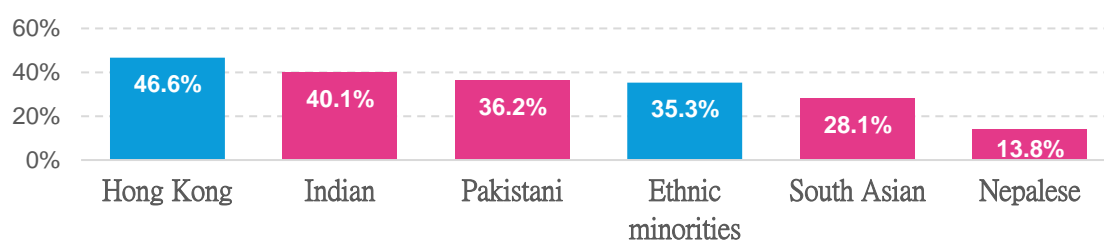
With the current education policy, kindergartens, primary and secondary schools still lack effective Chinese language courses for ethnic minority students and training for teachers to teach Chinese as a second language. As a result, non-Chinese speaking students (NCS students for whom Chinese is not their first language) often find it difficult to catch up with the Chinese language standards that are expected of them. The language barrier will further affect their future studies and career prospects, which limits their upward social mobility. As a result, many have only been able to take up elementary or low-income occupations and have been unable to escape poverty.

5.6.4 Relatively low school attendance rate among South Asian youths

According to the Report, the school attendance rate among 19 to 24-year-old South Asians is 28.1%, which is lower than the Hong Kong average of 46.6%. In fact, the school attendance rates among Pakistanis and Nepalese is only 36.2% and 13.8% respectively. Many ethnic minorities also experience a lot of frustration throughout their school career. Many of them drop out of school as they feel pursuing higher studies is a hopeless endeavour because of their limited Chinese proficiency. However, low academic qualifications restrict their career choices to a significant extent, thus most of them can only take up manual labour or low paying jobs that involve high risk. Their upward social mobility is greatly obstructed and some of them are unable to find a job, thus continuing the vicious cycle of poverty.

⁷⁴ Oxfam: "Survey on the Chinese Learning Challenges South Asian Ethnic Minority Kindergarten Students from Low-Income Families Face" (2014)

Figure 27: School attendance rate of ethnic minorities aged 19-24



Data Source: Hong Kong Poverty Situation Report on Ethnic Minorities 2016

5.6.5 60% of schools with NCS students do not receive extra grants from government

In light of the aforementioned problems, civil society has urged the government to provide ethnic minority students with greater Chinese-learning support over the past decade. The Education Bureau (EDB) finally implemented the Chinese Language Curriculum Second Language Learning Framework in the 2014/15 academic year to support ethnic minority students to learn Chinese. It also provided subsidies to schools that have admitted NCS students. Large subsidies will only be granted to secondary and primary schools that have admitted 10 or more NCS students, while schools that have admitted nine or fewer NCS students can apply for an annual subsidy of HK\$50,000.

The EDB also implemented the Free Quality Kindergarten Education scheme this year to strengthen its support for NCS students. The scheme provides subsidies to kindergartens that have admitted eight or more NCS students, and the amount granted is similar to the mid-point salary of a kindergarten teacher. However, under the promotion of inclusive education, among the more than 60% of schools which have admitted fewer than 10 NCS students, there were 203 and 184 primary and secondary schools respectively that admitted less than 10 NCS students.

Table 10: Number and percentage of primary and secondary schools that have admitted NCS students in 2011/17/18

Number of non-Chinese speaking students in primary schools			Number of non-Chinese speaking students in secondary schools		
	No. of schools	Percentage (%)		No. of schools	Percentage (%)
Below 10	203	62.5	Below 10	184	63.2
10 to 25	63	19.4	10 to 25	56	19.2
26 to 50	22	6.8	26 to 50	16	5.5
51 or above	37	11.4	51 or above	35	12
Total	325	100		291	100

Data source: Education Bureau ⁷⁵

A total of 232 kindergartens have admitted less than eight NCS students; they account for 59.3% of kindergartens that have admitted NCS students. Under the current policy framework, the support received by primary and secondary schools that have few NCS students is very limited while kindergartens receive no extra grants. As such, it is hard for schools to have sufficient resources to support NCS students' Chinese language learning.

Table 11: Number and percentage of kindergartens that have admitted NCS students in 2017/18

Number of non-Chinese speaking students in kindergartens		
	No. of schools	Percentage (%)
Below 8	232	59.3
8 to 25	115	29.4
26 to 50	22	5.6
51 or above	22	5.6
Total	391	100

Data Source: Education Bureau ⁷⁶

5.6.6 Government failed to grasp opportunity during optimal age to help ethnic minority children learn Chinese

A recent study showed that NCS students begin listening and speaking Chinese 20,000 hours later than local students as they only begin learning Chinese in kindergarten and have few opportunities to learn to speak and understand Chinese prior to that.⁷⁷ Sometimes, people might wrongly believe that they can learn Chinese easily if they just studied at local kindergartens and attended classes with Chinese-speaking students, however, NCS students need to deal with the language barrier. For instance, when a teacher asks a question,

⁷⁵ Section 18, EDB, p.778, https://www.legco.gov.hk/yr17-18/chinese/fc/fc/w_q/edb-c.pdf

⁷⁶ Section 18, EDB, p.788, https://www.legco.gov.hk/yr17-18/chinese/fc/fc/w_q/edb-c.pdf

⁷⁷Lightbown, P. M., & Spada, N. (2017). How languages are learned (4th ed). Oxford: Oxford University Press.

Chinese-speaking students might raise their hands to answer the questions right away, but NCS students are often still figuring out the teacher's question. As a result, NCS students tend to seem silent, emotional, or even exhibit 'bad behaviours' compared to Chinese-speaking students in the same class. Failure to learn Chinese, then, directly affects their ability to absorb new knowledge, and hinders their learning progress.

The Education Bureau provides pre-schools with NCS students with little support. We would like to focus on the courses, teaching training, enrichment of Chinese learning period and additional subsidies to analysis the inadequacy of the current policy.

Currently, the EDB's Kindergarten Education Curriculum Guide⁷⁸ provides very little guidance and it offers few materials to help NCS children learn Chinese as compared to the supplementary guidelines primary schools are given.⁷⁹ As such, Oxfam hopes that the EDB will strengthen its support at once as it is their responsibility to come up with a curriculum and provide teaching materials to kindergartens that can help ethnic minority children learn Chinese more readily.

Further, only a small amount of short-term training courses is available for kindergarten teachers, so most teachers have not received much training in this area. Recently, the EDB has enforced a requirement stipulating that at least one kindergarten teacher needs to complete basic training in the 2018/19 academic year if they have received additional subsidies from the EDB.⁸⁰ In the long run, it is important to provide more high-quality training opportunities to kindergarten teachers who teach NCS students.

As such, Oxfam hopes the government can continue running the scheme and incorporate it into its education policy to help more NCS students learn Chinese. Evidence has shown⁸¹ that Chinese language enrichment can narrow the distance between NCS and Chinese-speaking students.

EDB implemented Free Quality Kindergarten Education this academic year. For kindergarten admitting 8 or more non-Chinese-speaking students, further support is provided through an additional grant comparable to the salary of one kindergarten teacher. However, the number of kindergartens that have admitted less than 8 non-Chinese speaking students is 232, which accounts for 59.3% of kindergartens that have admitted non-Chinese speaking students. Under the current policy, these kindergartens are not able to acquire any additional resources. Therefore, it is hard to help the non-Chinese students to learn Chinese. We suggest that all additional resources and subsidies should cover on all non-Chinese student. It can allow the kindergartens to provide effective support to them.

⁷⁸ <http://www.edb.gov.hk/attachment/tc/curriculum-development/major-level-of-edu/preprimary/KGECG-TC-2017.pdf>

⁷⁹ <http://www.edb.gov.hk/attachment/tc/curriculum-development/kla/chi-edu/sq%20to%20chi%20lang%20curr%20ncs%20proper%20chi%20upload%20r.pdf>

⁸⁰ <https://www.legco.gov.hk/yr17-18/chinese/panels/ed/papers/ed20180105cb4-427-2-c.pdf>

⁸¹ https://www.legco.gov.hk/yr16-17/chinese/hc/sub_com/hs52/papers/hs5220180227cb2-909-2-ec.pdf

Recently, the Equal Opportunities Commission and other organisations have expressed concern about the unwillingness of many kindergartens to admit NCS students⁸². We urge the government to re-examine the use of resources and increase its recurrent expenditure on NCS kindergarteners. If kindergartens that admit them obtain curriculum, teaching and administrative support, this would better equip them to teach NCS students.

5.6.7 Poor ethnic minority families with children face difficulty in applying for student financial assistance

A survey conducted in 2016 revealed that 15% of South Asian families were unaware of the Financial Assistance Schemes for Primary & Secondary Students while more than 90% of respondents encountered difficulties when applying for it (including the School Textbook Assistance Scheme, Student Travel Subsidy Scheme and Subsidy Scheme for Internet Access Charges) as they could not read or write Chinese and English, and the application procedures were too complicated⁸³. As a result, they were unable to obtain reasonable subsidies to alleviate the financial burden of sending their children to school.

Although the EDB has leaflets in English and other languages common among ethnic minority communities in Hong Kong, it does not help as schools do not provide these leaflets in other languages to ethnic minority families. Further, around 80% of respondents did not seek help from their children's schools when they encountered difficulties during the application process. As such, ethnic minority families were unable to receive basic student subsidies due to the language barrier.

5.6.8 Ethnic minorities encounter difficulties when using public services

Apart from being unable to apply for various subsidies, ethnic minorities have also encountered difficulties when trying to use public services, such as medical, social welfare and community services, because of their limited Chinese proficiency.

The Administrative Guidelines on Promotion of Racial Equality, formulated by the Constitutional and Mainland Affairs Bureau, have provided guidance to different government departments and public institutes on how to offer ethnic minorities with equal opportunities when it comes to using public services⁸⁴. However, interpretation services, one of the main relief measures, were not mentioned in the guidelines. Moreover, when ethnic minorities request for this service from government departments when using public services, they are refused using different reasons or they have to wait a long time.

⁸² <http://www.eoc.org.hk/eoc/GraphicsFolder/ShowContent.aspx?ItemID=15186>

⁸³ Catholic Diocese of Hong Kong, Diocesan Pastoral Centre for Workers – Kowloon, Sep 2016, Survey on Accessibility of the South Asian Ethnic Minorities to “Financial Assistance Schemes for Primary & Secondary Students” in the 2015-16 School Year, http://dpcwkln.hkcccla.org.hk/document/I08_08.pdf

⁸⁴ Constitutional and Mainland Affairs Bureau, “Administrative Guidelines on Promotion of Racial Equality”, http://www.cmab.gov.hk/tc/issues/equal_admin_guideline.htm

Take medical services as an example, public hospitals claim that they can provide interpretation services for ethnic minorities. However, many ethnic minorities are unaware of this service, and in reality, few interpreters are available. Even if patients know of this service, they have to use one day to a few weeks to book an appointment with an interpreter. Furthermore, names of drugs are mostly in Chinese and English. This thus causes confusion when ethnic minority patients take their medication. Therefore, when ethnic minorities are sick, they are often unable to gain access to medical services, delay seeking treatment or have difficulty taking the medicine they are prescribed.

5.6.9 Ethnic minorities encounter difficulties in employment

Ethnic minorities' chance of employment is directly affected by their Chinese proficiency. A research of Equal Opportunity Commission (2015)⁸⁵ indicated three concerns of employers in hiring ethnic minorities – Chinese proficiency, religion and cultural differences, and appearances such as skin color and costume. Ethnic minorities usually can only rely on their neighborhood network in job seeking resulted in limited types of jobs, usually those traditionally hiring more ethnic minorities. Moreover, ethnic minorities generally face the problem of lower level of salary even they are being employed.

5.6.10 An additional HK\$500 million should be allocated to offer support to ethnic minorities

After many years of civil society's advocacy efforts, the government earmarked HK\$500 million in the Budget Proposal 2018/19 to strengthen its support for ethnic minorities. It will enhance collaboration within the government to offer ethnic minorities with greater support, and the Chief Secretary for Administration will set up a steering committee to co-ordinate, review and monitor work in this area.

In light of this, Oxfam submitted a position paper to the Legislative Council's Subcommittee on Rights of Ethnic Minorities in February 2018 regarding the aforementioned issues. Oxfam hopes the government will make good use of the HK\$500 million and formulate the necessary policies to benefit ethnic minorities as soon as possible.⁸⁶

⁸⁵ Chinese YMCA of Hong Kong, 2015, 對本港不同行業聘用少數族裔人士情況之研究 (funded by the Equal Opportunities Commission, Chinese version only)

⁸⁶ https://www.legco.gov.hk/yr16-17/chinese/hc/sub_com/hs52/papers/hs5220180227cb2-909-2-ec.pdf

Conclusion: Reverse extreme inequality by building a human economy

Looking at the data, it is clear that Hong Kong, one of the three major international financial hubs, will never fall short of funds, yet the city ranked low in global rankings such as the Happy Planet Index. To help the public and government better understand inequality in Hong Kong, which is worsening, and how it has led to a bleak future for many of its citizens, Oxfam has decided to publish a report on inequality instead of a poverty report like it had done annually in the past.

Citizens experiencing hardship can only see a bright future if the government gives up its 'hoarder mentality' and develop a human economy. The government should also make use of the long-hidden huge surplus, and greatly increase its recurrent expenditure on public services to improve them and benefit low-income citizens. It is only by doing this that citizens who are struggling to get by will be able to finally see a realistic and bright future.

The government has always said that the income of the Treasury fluctuates greatly like a rollercoaster so as to rationalise the reduction of its recurrent expenditure, and use capital expenditure to carryout one-off measures to assuage citizens' dissatisfaction. However, one-off measures are not guaranteed every year and it varies in accordance with the amount of surplus the government has. As such, spending recurrent expenditure on basic public services would be more appropriate. Further, a government that encourages a human economy that cares about all of its citizens rather than just the fortunate few should increase its recurrent expenditure substantially to demonstrate its commitment and determination to eliminate extreme inequality in society.

Oxfam's Inequality Report this year not only points out problem areas in terms of education, healthcare, women's status and labour rights in Hong Kong like its poverty reports, it also explores other topics like poverty among ethnic minorities and public finances. Further, it compares Hong Kong with other developed economies and does so to make a point: since the government often claims that Hong Kong is as competitive as other big cities in developed countries and regions, Hong Kong's public finances should be in line with that of those cities by increasing its public expenditures to reverse extreme inequality in a way that the government can afford now.

In fact, although the wealth gap is widening, the Hong Kong government has accumulated a surplus of more than HK\$690 billion dollars and fiscal reserves have exceeded HK\$1.1 trillion. Oxfam believes that Hong Kong should aim to achieve SDG 10: Reduced Inequalities. As a member of the global community, **Oxfam expects the Hong Kong government to include the SDGs in Hong Kong's future development blueprint and build a human economy. That way, the majority of wealth will not be in the hands of the richest 1%, the 99% can enjoy the fruits of economic growth and everyone will be able to enjoy a more equitable society.** To reach this goal, Oxfam has the following policy suggestions:

1) Build a human economy and reduce inequality by using public finance to benefit citizens

Although the wealth gap is widening, the Hong Kong government has accumulated a surplus of more than HK\$690 billion and its fiscal reserves have exceeded HK\$1.1 trillion, yet recurrent expenditure spent on aspects that are beneficial to low-income earners remains low. Hong Kong almost ranks the lowest in terms of its expenditure on basic services when compared with members of the OECD (e.g. South Korea, Japan, the United Kingdom, Australia, Canada, New Zealand). **Oxfam thus suggests the government to increase its recurrent expenditure so that the recurrent expenditure to GDP ratio returns to the level in 2003 – 15.7%. The expected GDP in the 2018/19 budget is HK\$2.8 trillion⁸⁷, while the additional recurrent expenditure will probably be approximately HK\$36.7 billion. Since introducing or improving government policies require long planning processes, Oxfam suggests increasing recurrent expenditure and implementing new measures or services (such as increasing residential care places for the elderly) in phases over the next three years.**

In the meantime, Oxfam hopes the government will explore the possibility of introducing participatory budgeting when deciding on the new expenditure. This would allow the public to help make decisions in this area through the debate and participation. The concept of participatory budgeting came about in 1988 in Alegre, Brazil. It aims to help the poor and the community at large access more public resources to alleviate poverty. More than 140 cities in Brazil, and over 1,500 cities in the world have already implemented this concept.⁸⁸

2) Improve labour protection and benefits

Oxfam believes it is unfair that low-income earners cannot share the fruits of economic growth even though they have contributed to financial prosperity of Hong Kong.

Oxfam thus urges the government to **review minimum wage annually** to ensure the salary level is higher than the CSSA level and that adjustments made to minimum wage match inflation. Oxfam also encourages employers who are able to pay employees a living wage so that low-income workers and their families can afford a basic standard of living.

The government should also **review its outsourcing system** comprehensively, and address problems like exceptionally low pay and unsatisfactory labour conditions as a result of the current system where the contract is awarded to the lowest bidder. Furthermore, the government should penalise non-compliant service contractors more severely in order to protect the labour rights of contractual workers.

⁸⁷ 2018-19 Budget, https://www.budget.gov.hk/2018/eng/pdf/c_appendices_b.pdf

⁸⁸ https://www.mof.gov.tw/File/Attach/73586/File_10803.pdf

To tackle the exploitation of casual workers, the government should also **re-define the meaning of 418** to include employees who work 72 hours a month so that they too can be protected under Labour Ordinance. Last but not least, the government should restart its consultation process and legislation work on the assurance of employees' collective bargaining right to protect both the rights of employers and employees.

3) Provide equal education opportunities to enhance upward social mobility of ethnic minorities

Education is an effective way of mitigating inequality and enhancing the upward social mobility of ethnic minorities. All children are born equal. Poor or ethnic minority children should not be treated less favourably. However, their limited Chinese proficiency has created a barrier for many of them, hindering them from pursuing higher studies or seeking higher paying jobs. It is generally agreed that there is a need to enhance Chinese education for ethnic minorities to empower them to escape poverty. As kindergarteners are at the optimal age to learn a new language, **Oxfam urges the government to put more resources into pre-primary education and provide enrichment courses for NCS students such that their Chinese proficiency can be brought up to the level of Chinese speaking students.**

Moreover, more resources should be used to train teachers. Oxfam recommends giving subsidies to kindergartens that have admitted NCS students by the student ratio, such that kindergartens can have enough resources to help their NCS students learn Chinese more effectively. Furthermore, the EDB should specify that the additional subsidies must be used to recruit extra teachers to teach NCS students Chinese.

Regarding the new framework currently used in secondary and primary schools, Oxfam suggests that the government review the form of grants to schools that have admitted nine or fewer non-Chinese speaking students, and change it from application by schools to active allocation by the government to ensure enough support for schools. The current subsidy level of HK\$50,000 should also be reviewed to allow schools to recruit extra staff or outsource Chinese as a second language enrichment courses.

To achieve sustainable course development in the long run, **the EDB should implement school-based Chinese as a second language enrichment courses in all Hong Kong kindergartens to provide NCS students with greater support.** The government should also establish a three-tier training system (basic, advanced and thematic) with reference to the professional development framework of teachers who specialise in catering to students with special educational needs. Doing this would **ensure that a certain percentage of teachers of schools that admit NCS students receive systematic training within a certain timeframe.**

Regarding the employment problems faced by ethnic minorities, Oxfam suggests reviewing and strengthening the supportive measures e.g. to establish user-friendly job-seeking information database and proactively build

up employers' network for ethnic minorities.

Regarding the challenges ethnic minorities face when applying for social welfare and using public services, though the government has proposed various supporting measures to address this – including the translation of information and simultaneous interpretation services – there is still much room for improvement to make ethnic minorities aware of the existence of the services and to use them. Oxfam thus suggests that the government amend the Administrative Guidelines on Promotion of Racial Equality to offer clearer guidance on the provision of interpretation services and to raise awareness among the ethnic minority population about different social welfare and supportive services. In the meantime, the government should invest more resources on popularising supportive services and improving service quality.

4) Consolidate multiple pillars of retirement protection to ensure better life of the grassroots elderly

Oxfam urges the government to scrap **MPF offsetting mechanism** as soon as possible. It should set the deadline for the cancellation, maintain the current calculation method of severance and long service payments and ensure the compensation would not less than that the workers received before the set deadline so as to protect workers' retirement funds. In order to strengthen the non-contributory pillar (zero pillar), the government should **allow elderly citizens in need to apply for CSSA independently** in the long run to avoid having to force the elderly to move away from their children just so that they are eligible for the CSSA. By doing this, eligible elderly will be able to receive financial assistance from the government and be taken care at home by their families, thus realising the government's goal of encouraging elderly citizens to age in place. The government should also **set an upper limit for the dependent parent allowance**, which would be determined by referring to the current disregarded earnings⁸⁹ level to avoid the reduction of CSSA grants because of the pocket money they receive from their families.

Oxfam expects the government to further increase the OALA in order to allow the elderly to live with dignity. It suggests increasing the amount based on the average CSSA rates. More specifically, **the higher OALA should be 65% of the elderly's monthly CSSA, i.e. HK\$4,156; while OALA should be 55% of the elderly's monthly CSSA, i.e. HK\$3,516.**

In order to tackle the chronic lack of elderly care services, Oxfam suggests an increase in related recurrent expenditures to ensure that an increased supply will satisfy current and future demand. That includes increasing the number of residential care, day care service, and integrated home care service places; improving household and community care services; and developing medical care services for low-income elderly citizens.

⁸⁹Social Welfare Department "Comprehensive Social Security Assistance (CSSA) Scheme" P.27

5) Enhance child care services and assist grassroots to re-enter labour market

To allow family carers to join more social and economic activities and unleash labour force, there is a pressing need to **dramatically increase the number of subsidised nursery places**. The government should examine and review the current supply and demand of nursery services in all districts to increase both subsidised and non-subsidised places of different child care services, especially in new developing areas. **The operation time of nursery services should be extended as well.**

The government should **include child care service facilities into the Hong Kong Planning Standards and Guidelines to decide the number of child care centres according to the population ratio** to cater to the different needs in the community. The government should also work on **providing child care services in locations that are highly accessible**. For instance, it could **discuss with the MTR the possibility of setting up child care centres at major interchange stations or new MTR stations** to make these centres more convenient for parents. Also, **child care centres should also be incorporated into the planning behind the construction of new government premises, including public housing estates, government buildings, and civic centres.**

Oxfam suggests that the government **establish performance pledges and targets for nursery services** and create a nursery database to upload important information regarding nursery services in Hong Kong to the Social Welfare Department's website. By doing this, parents will be able to better understand the details and waiting time of nursery centres in different districts and plan ahead.

Furthermore, the government should **reform its current home-based child care service system to provide official employment for home-based child carers**. The home-based child care service should be changed from semi-voluntary to official employment and the government should increase service places. It should also review the home-based child care system, strengthen the training child carers receive and establish a registration system of carers to improve the service quality.

6) Establish a policy on bazaars

The government should establish a policy on bazaars that recognises the social and economic value of bazaars, and its ability to alleviate poverty. It should also formulate application guidelines to allow non-profit organisations to rent government venues for hawking purposes. Further, it should list out in detail the application criteria for different departments, and information like the licenses needed and what the approval process entails to increase transparency. Since the application process involves different departments and bureaus, like the Lands Department (Development Council), Leisure and Cultural Services Department (Home Affairs Bureau), Food and Environmental Hygiene Department (Food and Health Bureau), Home Affairs Department (Home Affairs

Bureau), Oxfam suggests establishing a one-stop management platform at the central level (i.e. under the administration of the Chief Secretary) to co-ordinate various procedures involved.

7) Mitigate housing problems and increase supply of public rental housing

To solve the housing problem, the government should develop different kinds of community housing in the short term to provide temporary residence for low-income families on the public rental housing waiting list.

Over the past few years, Oxfam has been supporting community groups' initiatives, improving poor households' living conditions through innovative methods and supplying other forms of community housing at low rent. Oxfam expects the government to strengthen its support in terms of community housing to improve the living conditions of citizens who are still living in subdivided flats.

In long term, the government should work on the planning and development of brownfield sites. They should accelerate the planning progress to confirm the land sizes of different public housing projects and increase the public housing ratio. In fact, the Task Force on Land Supply already states that some brownfields in Hong Kong have good development potential,⁹⁰ therefore the government should actively explore these sites. One hectare of land can accommodate approximately 850 public rental flats, or 2,180 people.⁹¹ If the government could speed up its development of brownfield sites, areas in the New Territories could already provide suitable residence for numerous families and reduce social inequality.

8) Review current tax system based on principle of 'ability-to-pay'

The problems that associated with an aging population (silver tsunami) will be the greatest challenges Hong Kong will face in the future, and will seriously strain public finances in the long run. The government's '2017 Poverty Report' pointed out that the elderly population will increase to 24.6% in 2026 and 31.1% in 2031. In view of this, **Oxfam suggests that the government prepare ahead of time by reviewing the current tax system based on the principle of 'ability-to-pay' to study different possibilities of increasing government revenue. This could include the regulation of profit tax rate of enterprises with high profits and stamp duty of the wealthy. This can help bring about fiscal justice and help the government better redistribute resources to narrow the gap between rich and poor, and create a more equitable society.**

At the same time, the government should ensure tax transparency. Taking privacy protection into consideration, enterprises should provide **country-by-country reporting, which should be made available to both the Inland**

⁹⁰http://www.devb.gov.hk/filemanager/tc/content_1054/Paper_05_2017.pdf

⁹¹Calculation based on Shui Chuen O Estate, where 13.3 hectares of land provides 11,000 public rental flats for residence of 29,000 people.

Revenue Department and the public to enable the public to better monitor multinational corporations and prevent tax avoidance. Moreover, the Hong Kong government should **greatly enhance transparency around beneficial ownership**. There should be legislation not only to supervise corporations, but also legal entities, like trusts and limited liability partnerships, to block all legislative loopholes that allow tax avoidance among the wealthy as well as multinational corporates. The government should also establish a beneficial ownership central index that is accessible by the public, and reduce the corporate holding that defines beneficial ownership from 25%, as proposed by the government, to 10% or below to keep wealthy people and beneficial owners accountable, and to prevent them from evading their responsibility to pay tax.