

LEGCO PANEL ON WELFARE SERVICES

Measures to Address Poverty

Purpose

This paper presents the Administration's approaches to tackle poverty, highlighting the measures undertaken in response to public concern.

Background

2. Poverty is a complex and multidimensional subject and the causes are complicated and interrelated. This presents profound challenges to governments worldwide. As Hong Kong is an externally-oriented economy, the Asian financial turmoil and the 911 incident, and the incipient slowdown of the global economy that follows, have affected the low-income families. People with low skills and education attainment are also vulnerable under the restructuring of the local economy.

3. The best approach to tackling poverty is to -

- (a) foster economic growth, facilitate human investment and increase social investment;
- (b) strengthen education, training and retraining to enhance the competitiveness of our people under the new economy; and
- (c) assist the socially vulnerable, with the purpose of enhancing, not impeding their will to be self-reliant.

We consider that development of human capital, increase in social investment, and sustained economic growth provide the best environment for people to leave the poverty net.

4. With opportunities of upward social mobility, everyone through exercise of talent and hardwork can raise their income, improve their standard of living and climb up the social ladder over time. Healthy economic recovery and broadened economic base would increase such opportunities. Human and social investment would raise the capability, productivity and competitiveness of our workforce, and help those unable to benefit from the changing economy in the short term. Economic growth is the key to elevating the overall standard of living, including that for the lower-income group, and also supports human and social investment. This long-term and macro approach is most suitable for a society like ours, which subscribes to the spirit of self-reliance and self-improvement.

5. It takes time for the impact of the economic recovery to reach all in the community. To take care of the socially vulnerable, in particular those with limited capability to achieve upward social mobility, we have in places policies and services to secure their standard of living, improve their position and provide them with opportunities for economic and social participation. The Government has been providing an adequate safety net for those in genuine financial difficulties through the Comprehensive Social Security Assistance (CSSA) Scheme. In addition, heavily subsidized public housing, education, medical care and welfare services are provided to the eligible.

6. With the above principles in mind, the Government has put in place a wide range of policies and measures to address poverty through multi-pronged approaches. Given the wide range of policy areas involved, it is not possible for us to be exhaustive and we will only highlight our efforts in three areas with direct impact on livelihood, which have been the focus of public concern -

- (a) social security;
- (b) housing; and
- (c) employment.

Social Security

7. Our non-contributory social security system has been providing a safety net for the social vulnerable to meet their basic and special needs. This is achieved through two pillars: the CSSA Scheme provides assistance for those who, for various reasons (such as old age, disability, temporary illness, low income or unemployment) are unable to meet their basic needs. The Social Security Allowance (SSA) Scheme provides assistance to the elderly and the severely disabled to meet special needs arising from old age or disability.

8. At the end of September 2001, there were 235,556 CSSA cases with a total of 379,937 recipients. The number of SSA cases served in the same period was 555,585.

Support for Self-reliance Scheme

9. To promote self-reliance among CSSA recipients, the Support for Self-reliance Scheme came into operation in June 1999 and has generally proved its worth in helping unemployed CSSA recipients to go into paid work and off CSSA. As at the end of September 2001, on a cumulative basis, 13% of the participants in the Active Employment Assistance Programme under the scheme found a job, compared with the success rate of about 1% per year prior to introduction of the scheme.

Review of Old Age Allowance

10. We recognize that there is a need to develop a sustainable social safety net to provide financial assistance to needy elders to meet their basic needs. The Administration has been examining our financial support system for older persons in the context of the 'three-pillar approach' recommended by the World Bank. Our aim is to complete the review, which covers the Old Age Allowance, and consult the community on the way forward, as soon as possible. As we informed Members at the motion debate on 7 November 2001, the review involves many complex issues, mainly surrounding how to providing additional

financial assistance to older persons in need, and at the same time ensuring that we develop a sustainable financial support system for that purpose. We need to undertake further review to see how we could achieve our objective, in consultation with the Elderly Commission, Members of this Council and other parties concerned.

Housing

11. The Government is committed to addressing the long term housing needs of Hong Kong by helping all households gain access to adequate and affordable housing. We are also committed to providing public rental housing to families in genuine need and who cannot afford adequate accommodation of other types. As at September 2001, about 2.1 million people (31 per cent of the population) lived in public rental housing estates.

Rent Relief Measures for Public Rental Housing Tenants

12. The Housing Authority (HA) has introduced a number of rent relief measures to assist its tenants to cope with the economic slowdown. These include rent/ licence fee increase waivers (in the form of deferred implementation of approved rent increases) granted since late 1998 for some 262,000 public rental housing (PRH) flats and 1,700 interim housing (IH) units, the deferral of the rent/licence fee review exercises of some 340,000 PRH flats and 100 IH units to December 2001, and the freezing of the best rents of newly completed estates at the July 1997 level until December 2001.

13. As a result of the above relief measures, the rent levels of most PRH flats have remained unchanged for four to six years. At present, about 68% of our tenants are paying less than \$1,500 per month for rent (including rates and management costs).

14. The HA's Rental Housing Committee (RHC) endorsed on 23 October 2001 the proposal to defer for twelve months the rent and licence fee reviews of 532,049 PRH flats and 3,736 IH units that are due on 1 December 2001, and the proposal to grant an across-the-board rent

waiver in December 2001 to PRH tenants and IH licencees. RHC also endorsed on 1 November 2001 the freezing of best rents of the newly completed estates at the July 1997 level for a further six-month period until June 2002.

Rent Assistance Scheme

15. Introduced in 1992, the Rent Assistance Scheme aims at providing relief in the form of rent assistance to tenants experiencing temporary financial hardship. Subject to fulfilling the eligibility criteria, eligible PRH tenants and IH licencees are offered half rent/licence fee reduction. As at August 2001, there were 2,717 beneficiaries. Apart from this group, CSSA recipients are entitled to receive a rental allowance covering either public or private accommodations. As at June 2001, there were 110,500 CSSA cases (involving 81,300 households) in PRH estates.

Shortening the Waiting Time for General Waiting List

16. To shorten the average waiting time of the General Waiting List applicants, the HA seeks to provide sufficient housing resources for rehousing the applicants. It is anticipated that from 2002/03 to 2003/04, approximately 40,000 new flats will be available, on top of a continual supply of refurbished flats. These couple with the conversion of HOS flats to rental flats and measures to streamline the allocation of housing units. In addition, the Housing Department has waived the restriction of applicants possessing no domestic property ownership 24 months prior to application of PRH, to help those who are facing financial hardship from an abrupt change of private property ownership to a genuine need for PRH.

Housing for the Elderly

17. The Government seeks to address the housing needs of the elderly through various approaches. We work towards reducing the waiting time of elderly singletons who wish to live by themselves in public rental housing, and the current average waiting time is below 3 years. Moreover, we have undertaken to allocate public housing by

2003 to elderly households registered by March 2001 on the Waiting List. We have received more than 7,800 applications in the registration campaign.

18. In addition, elders also benefit from the four Priority Scheme for the Elderly. The four schemes, namely the “Single Elderly Persons Priority Scheme”, the “Elderly Persons Priority Scheme”, the “Families with Elderly Persons Priority Scheme” and the “Special Scheme for Families with Elderly Persons”, together benefited more than 66,000 people as at end September 2001.

19. To give elderly applicants an additional choice of renting accommodation in the private sector, the HA launched in August 2001 a pilot scheme to provide rental subsidies to 500 eligible elderly applicants. As at November 2001, 196 eligible elders indicated interests in receiving rental subsidies.

Employment

Task Force on Employment

20. The Task Force on Employment, led by the Financial Secretary, continued its efforts over the past year to tackle the problem of unemployment through a wide range of measures. These include accelerating public works and infrastructure projects, strengthening employment services, enhancing vocational training and employees retraining, promoting continuing education and combating illegal employment.

Training and Retraining

21. Enhancing human capital through training and retraining is an important measure to strengthen the competitiveness of our workforce and our economy. Various measures and mechanisms are put in place to cater for different training needs. The Chief Executive announced in the 2001 Policy Address that \$5 billion would be set aside to subsidize those with learning aspirations to pursue continuing education and training

programmes. The aim is to help people pursue continuous learning, in preparation for the knowledge-based economy.

Training Institutes

22. Training institutes provide a wide range of programmes to upgrade our workforce in various sectors. The Vocational Training Council, funded by the Government, delivers a comprehensive system of subsidized technical education and vocational training. Its training schemes and centres also provide pre-employment and upgrading training at the operative, craft, technician and technologist levels. The Employees Retraining Board (ERB) runs the Employees Retraining Scheme to help workers adjust to changes in the labour market. As a long-term commitment to the provision of retraining services, we provide from this financial year annual recurrent funding of about \$400 million to the ERB.

23. In addition, we introduced a Business Startup Assistance Scheme in September 2001 to help retrainees on ERB courses who want to start up a business or become self-employed. Besides providing courses covering generic skills and skill-specific self-employment courses, the Scheme allows individual retrainees to apply for a loan of up to \$100,000 from participating lending institutions to start up a small business. The Government acts as the guarantor for 70% of the loan. Also, the ERB provides support and follow-up services to enhance retrainees' chances of success as they start a business or become self-employed.

Skills Upgrading Scheme

24. In response to the ongoing economic restructuring, the Government has allocated \$400 million to launch the "Skills Upgrading Scheme" to provide focused skills training for in-service workers with secondary or lower education levels. A Steering Committee on Skills Upgrading was set up in November last year with representatives from employers, employees, training institutions and the Government. Six industries, namely printing, Chinese catering, retail, import and export trade, transportation and wearing apparel/textile, have been identified for

the initial phase of the Scheme, and 66 courses have commenced since early September 2001. We have invited other interested industries to submit their applications by 1 November to join the second phase.

Employment Services

25. The Labour Department (LD) continues to strengthen and improve its employment services for job seekers of different background and educational attainment. Special and focussed assistance to the more vulnerable groups is offered through projects such as the Re-employment Pilot Programme for the Middle-aged and the Youth Pre-employment Training Programme.

Re-employment Pilot Programme for the Middle-Aged

26. For the long-term unemployed middle-aged persons, the LD launched the Re-employment Pilot Programme for the Middle-Aged in February 2001 to provide one-stop counseling (pre-placement) and follow-up services (post-placement) for job-seekers aged over 40, who are registrants of the Department and who have been unemployed for three months or more. In the light of the need to help more long-term unemployed middle-aged persons, the Programme will be extended for another twelve months from February 2002 to January 2003 to help job-seekers to re-integrate into the employment market. As at end September 2001, about 8,100 job-seekers participated in the Programme and 1,700 of them have been placed in employment.

Youth Pre-Employment Training Programme

27. The Youth Pre-Employment Training Programme has been running for two years since 1999, training some 23,000 young school leavers aged 15-19. The Programme offers four categories of modular training. They are leadership; discipline and team building training; job search and interpersonal skills training (mandatory); computer application training and job specific skills training. Since June 2000, an On-the-Job-Training Scheme (OJTS) has been added to this Programme. As at September 2001, 2,358 trainees have actively sought vacancies under the OJTS. They are provided with a full range of priority placement

services including intensive job matching, counseling and group briefings.

Job Creation

28. In the 2000 Policy Address, the Chief Executive announced that apart from jobs arising from infrastructural projects, the Government would create 7,000 jobs in areas where more social investment is needed, and another 8,000 jobs in other expanded service areas. The initiative not only provided immediate relief to those in need of employment, enabled the socially disadvantaged to re-enter the workforce, but also helped improve the quality of life and build up social capital. As at end September 2001, over 14,500 out of these 15,000 jobs were created.

29. In the 2001 Policy Address, the Chief Executive announced a series of enhanced services and accelerated works projects to create jobs in response to the worsening unemployment situation of Hong Kong. The Government's improved services in the areas of education, environmental protection, public sanitation and greening, health care and welfare, will create some 8,000 jobs. The improvement in security services in public housing estates and the property management for newly-occupied housing estates will give rise to around 4,000 jobs. Adding the some 20,000 jobs from capital works programmes this year, over 30,000 jobs will be created.

Health and Welfare Bureau
November 2001