

# **Motion Debate on “Alleviating the disparity between the rich and the poor and re-establishing the Commission on Poverty”**

**at Legislative Council Meeting on 31 October 2007**

## **Progress Report**

### **Purpose**

The Government attaches great importance to the needs of the poor. We are committed to providing a safety net and different support services to cater for their basic needs and improve their livelihood. We also seek to strengthen training and retraining to facilitate those who have the ability to work to join the labour market to achieve self-reliance and alleviate poverty.

2 In response to the motion on “Alleviating the disparity between the rich and the poor and re-establishing the Commission on Poverty” carried in the Legislative Council (LegCo) meeting on 31 October 2007, this paper briefs Members on the major initiatives of the Government in alleviating poverty and their latest progress.

### **Task Force on Poverty**

3 We have set up a Task Force on Poverty (Task Force) within the Administration. The Task Force will monitor the progress of implementing the recommendations of the Commission on Poverty; co-ordinate efforts across the Government in tackling poverty; promote community engagement; promote self-reliance and so on. The Task Force, through the efforts of different bureaux/departments, will maintain liaison with relevant stakeholders. We will report the progress of our poverty alleviation efforts to LegCo.

### **Support Services for the Elderly**

4 The current approach adopted by Hong Kong in providing financial assistance to the elderly are the three pillars of retirement protection namely, the Comprehensive Social Security Assistance (CSSA) Scheme and Old Age Allowance (OAA), the Mandatory Provident Fund Scheme and voluntary private savings. The Government is currently studying the sustainability of these three pillars of retirement protection. The Government will consider the findings of the study and other

important factors (for example preserving the traditional family values, maintaining the overall economic competitiveness, continuing a simple tax system, ensuring the sustainable development of the current social security system etc) before deciding on the future course of action.

5 Both the CSSA Scheme and the Social Security Allowance (SSA) Scheme (including OAA and Disability Allowance (DA)) are non-contributory and funded entirely by general revenue. The CSSA Scheme, whilst seeking to meet the basic needs of the elderly, also takes care of their special needs through the provision of higher standard rates, special grants and supplements. The average monthly CSSA payment for a singleton elderly recipient is \$3,740. OAA is a form of welfare designed to provide residents who regard Hong Kong as their permanent place of residence and thus the permissible limit of absence has to be in place. Since 1 October 2005, the Government has relaxed the annual permissible limit of absence from Hong Kong under the SSA Scheme from 180 days to 240 days, provided that the recipients have resided in Hong Kong for not less than 90 days in the year. The measure has taken into consideration the need of some elderly recipients who may wish to spend more time to travel or visit their relatives and friends outside Hong Kong or take up short-term residence, while on the other hand ensures that public funds are spent on Hong Kong residents who regard Hong Kong as their place of permanent residence. We believe that the measure has struck a reasonable balance. We will continue to solicit views and explore ways on how to provide more targeted assistance to the elders genuinely in need.

6 There is an established annual mechanism for adjusting the rates of allowances under the SSA and CSSA Schemes in accordance with the movement of the Social Security Assistance Index of Prices (SSAIP) in order to protect their purchasing power. We had sought the approval from the Finance Committee on 14 December 2007 and will increase the standard payment rates of CSSA and DA rates by 2.8% in February 2008. Furthermore, if movement of the SSAIP and other economic indicators pointed to persistent high inflation, the Administration would consider seeking approval for additional inflationary adjustments to the standard payment rates ahead of the next annual adjustment cycle.

7 Over the years, the Government has put in a lot of resources on providing elderly services. In 2007-08, the Government's estimated recurrent expenditure earmarked for elderly services (not including public housing and public health care services) amounts to \$3.25 billion, representing an increase of 5.5% over 2006-07.

In the 2007-08 Policy Address, the Government also introduced a number of new initiatives to strengthen the support for the elderly and their carers, including:

- (a) allocating an one-off funding of \$200 million to help improve the home environment of elderly people in need;
- (b) stepping up efforts to reach out to the singleton and “hidden” elders, and strengthening the referral, counseling and support services for the elderly in need;
- (c) launching a trial scheme on support for the carers in three districts for the District Elderly Community Centres to collaborate with community organizations to run carer training courses since October 2007. About 660 training places will be available in the first year. In parallel, we will also develop “Carer” services; and
- (d) facilitating the dissemination of information on organizations that provide elderly services through leaflets and hyperlinks, so that elders and carers will know where to seek help.

8 Moreover, we will launch the following initiatives in the 2007-08 financial year:

- (a) increase the number of day care places for the elderly and subsidized residential care places;
- (b) continue to upgrade some of the subsidized residential care places to provide nursing care;
- (c) launch a 3-year pilot scheme in Kwun Tong to provide integrated support services to elderly hospital discharges. About 3 000 elders and 1 000 carers will benefit under the scheme.

9 In the face of an ageing population, continuously increasing subsidized elderly services alone is not sufficient to meet the multifarious and growing needs. We will continue to promote shared responsibility among individuals, families and the society in meeting the needs of elders and encourage a balanced mix of public and private elderly care services to offer a wider range of choices for elders. In this respect, we will look into the long-term planning for elderly services in consultation with the Elderly Commission.

### **Support Services for the working poor**

10 The Government is committed to promoting employment and enhancing the employability of local employees, with a view to achieving the goal of “self-reliance”.

With effect from 1 December 2007, the eligibility criteria of the Employees Retraining Scheme has been relaxed to cover young people aged 15-29 and those with education level at sub-degree or below. As a first step, the Employees Retraining Board (ERB) plans to increase the number of full-time placement-tied training places by about 10 000 in 2007-08, representing an increase of 19% in its annual provision of such training places. The number of training places to be provided by ERB is expected to be increased by 50% in 2008-09 from 100 000 to 150 000 per year and doubled in 2009-10 to 200 000 per year.

11 Discussion with the relevant stakeholders on the contents of the new courses is underway. The ERB plans to launch the first batch of new courses designed for the expanded groups in the second quarter of 2008. Meanwhile, the ERB is conducting a strategic review on its future role and responsibilities. More concrete plans on how ERB will expand the scope and enhance the quality of its training and retraining services will be drawn up under the strategic review.

12 The voluntary Wage Protection Movement (WPM) for cleaning workers and security guards was launched in October 2006. A mid-term review of the WPM was conducted in October 2007 to evaluate its progress and an overall review of the WPM will be conducted in October 2008. If the overall review indicates that the voluntary movement fails to yield satisfactory results, the Administration will introduce a bill on mounting a statutory minimum wage for cleaning workers and security guards to LegCo as early as possible in the 2008-09 legislative session. Whilst a decision on whether to legislate for a minimum wage would be made only in the light of the outcome of the overall review of the WPM scheduled for October 2008, the Labour Department (LD) will continue to step up promotion of the WPM and identify possible areas for improvement.

13 At the same time, LD will study various issues relevant to the introduction of a statutory minimum wage for cleaning workers and security guards so that no time would be lost in case the overall review indicates that the WPM has failed and a bill on this will be introduced into LegCo as early as possible in the 2008-09 legislative session.

14 On the other hand, the proposal on standard working hours is complicated and carries far-reaching implications on our socio-economic development. Public views on the issues are also divided. We should be careful in handling the issue. Under the WPM, workers should be suitably compensated if they have to work

beyond contractual hours. LD and the Occupational Safety and Health Council have also published the “Guide on Rest Breaks” to encourage employers and employees to work out through consultation rest break arrangements that would suit the needs of the employees and operational needs of the business.

15 We will continue to provide assistance to the low-income group. We have advanced the review on the pilot Transport Support Scheme (TSS) which was originally scheduled to be conducted in June 2008. LD is now actively reviewing and studying on how to relax the eligibility criteria of TSS. LD will also constantly review the effectiveness of the Employment Programme for the Middle-aged, and make reasonable and appropriate improvements in response to the needs and views of participating employers and job-seekers.

16 On social security, CSSA provides financial assistance to bring the income of individuals or families, including the low-income earners, to a prescribed level to meet their basic needs. The amount of assistance payable is the difference between the total assessable monthly income of a family and its total monthly needs as recognized under the Scheme. Individuals or families with incomes insufficient to meet their basic needs may consider applying for CSSA. These cases would be regarded as low-income cases. Social Welfare Department (SWD) will take into account their incomes and recognized needs to determine the amount of financial assistance. As of October 2007, there were 17 508 low-income cases; the number of recipients under this category was 60 233.

17 Following the completion of the review on disregarded earnings (DE), the arrangements on DE were relaxed by raising the “no-deduction limit” of the monthly DE from \$600 to \$800; the eligibility requirement for DE benefits of having been on CSSA for not less than three months has been relaxed to not less than two months. It is estimated that 19 800 CSSA recipients will benefit from the new arrangements which have come into effect since 1 December 2007.

18 We are now studying how to streamline, integrate and enhance the employment and training services currently being provided by LD, SWD and ERB. We will also launch a pilot to try out the one-stop employment support mode in order to provide more effective assistance to the unemployed.

## **Support Services for Children**

19 The Government attaches great importance to the development of children and a lot of resources have been devoted to education and other child development related projects. In order to provide more development opportunities for children from a disadvantaged background, encourage them to plan for the future and cultivate positive attitudes with a view to reducing inter-generational poverty, the Government has earmarked \$300 million for the establishment of the Child Development Fund (CDF). We have drawn up details of the pioneer projects of the CDF. We hope the CDF pioneer projects can be implemented in 2008-09.

20 On the other hand, in order to support children from poor families to participate in sport and cultural activities, the Education Bureau has, starting from 2005-06 financial year, earmarked a recurrent provision of \$75 million to subsidise non-governmental organizations (NGOs) and public sector schools as well as schools under the District Subsidy Scheme to organize the School-based After-school Learning and Support Programmes (Programmes) for Primary One to Secondary Seven students in receipt of the CSSA or full grant under the Student Financial Assistance. Apart from cultural and sports activities, the Programmes also include tutorial courses, arts activities, leadership training, voluntary work and visits etc., so as to broaden the learning experiences of the target students outside the classroom. In the 2007-08 school year, the Programmes serve some 178 000 disadvantaged students.

21 To promote “Sports-for-All” and to encourage people to participate in recreational and sports activities on a regular basis, the Leisure and Cultural Services Department (LCSD) organizes a wide range of training courses, recreational activities and sports competitions for participants from all walks of life. The programme entry fees charged by LCSD are reasonably low and affordable. LCSD also offers a 50% concessionary rate for children, students, elderly people, persons with disability and their minders. To encourage children from low-income families to participate in recreational and sports activities, LCSD, in collaboration with local NGOs, has arranged various free-of-charge recreational and sports activities specifically for the low-income families. These activities include sports training courses, day camps, excursions and sports fun days etc. LCSD will continue to strengthen the co-operation with local NGOs with a view to offering children from low-income families more opportunities to participate in recreational and sports activities. In addition, to encourage members of the public for full participation in the Olympic

Games and to promote sports activities to the public, various sports and recreational facilities managed by LCSD will be made available for public use free of charge from 1 July to 30 September 2008. This will benefit children from low-income families.

22 Various activities to help children and youth to develop their potentials are organized in the 134 subvented Integrated Children and Youth Services Centres (ICYSCs) over the territory. Programme fees for children and youth in deprived circumstances are waived. Since 2005-06, District Social Welfare Offices have been allocated a total annual provision of \$15 million to implement the “District Support Scheme for Children and Youth Development”. Aimed at helping children and youth from a disadvantaged background to satisfy their personal development needs, the Scheme offers support to them in areas not covered by the mainstream education system, other funds and financial assistance. The Scheme seeks to satisfy their needs in learning and education, job skills training and employment, as well as life experience and potential development. The Government funding is used to subsidise individual development projects and may also be distributed to eligible applicants as direct cash assistance.

23 Moreover, the Government has established a Family Council to adopt a holistic approach using family as the framework of agenda in the formulation and implementation of policies and programmes relating to family support. The Family Council will consider effective ways to deal with child development and related issues. We have no plan at this stage to set up additional independent commissions for individual age or sex groups.

### **Promote the Development of Social Enterprises**

24 Given that social enterprises (SEs) are more difficult to operate than commercial organisations, the Government has provided seed money in a number of specified areas to support SEs during their initial operations. The relevant funding scheme includes Enhancing Self-Reliance Through District Partnership Programme (the Programme) launched in 2006-07, which provides seed money to SE projects. The funding ceiling for each project is \$3 million and the maximum funding period is two years. The Programme has so far granted about \$50 million to some 50 SE projects in various areas. Around \$100 million is still available under the Programme for applications from organisations to set up SEs. The Home Affairs Department will monitor the financial position of the Programme and consider increasing the provision when necessary. To facilitate the sustainability of SEs, we

consider that it is most important to create an enabling environment for their development. The Home Affairs Bureau (HAB) will enhance publicity to promote the concept of SE, including the preparation of a booklet to introduce successful SEs both in Hong Kong and overseas to our community. The Government hopes that, through these successful stories of SEs, the public can have a better understanding on SE.

25 The vast majority of SEs in Hong Kong are small and medium enterprises (SMEs), i.e. manufacturing business employing fewer than 100 persons or non-manufacturing business employing fewer than 50 persons. SMEs can apply for grants under the SME Funding Scheme set up by the Government with an allocation of \$2.2 billion. For instance, under the SME Loan Guarantee Scheme, the Government will give guarantee for SMEs to help them in securing loans from participating lending institutions in order to acquire business installations and equipment and obtain working capital. In promoting the development of SEs, a number of issues need to be further studied. For example, in the context of the market environment in Hong Kong, issues that need further examination include how SEs should position themselves to meet market needs and be sustainable for development, whether the government should provide tax concession for SEs and how to avoid unfair competition to SMEs, etc.

26 The successful development of SEs hinges on the tripartite partnership of the community, the business sector and the Government. HAB has organised a Summit on Social Enterprise on 20 December 2007, inviting representatives from different sectors, including academics, the business sector, non-government organisations and public bodies to explore the way forward for the further development of SEs and to formulate an action plan.

### **District-based Policy**

27 The Programme mentioned in paragraph 24 above aims at reinforcing the work on poverty alleviation through a district-based approach. Altogether, 29 out of some 50 new SE projects which received grants from the Programme are being carried out in Kwun Tong, Sham Shui Po, Tuen Mum, Yuen Long and Tung Chung. HAB will continue to strengthen district partnership to promote the development of SEs, to create more employment opportunities for the socially disadvantaged and enhance their self-reliance through the Programme. Moreover, the Government has successfully liaised with several major organisations which have expressed interest in



setting up SEs. Details are under discussion.

28 In planning land use for a new development area (NDA)/new town, all relevant considerations, including infrastructure provision, environmental impact, urban design as well as the needs for employment and community facilities of the future residents will be taken into consideration. The primary aim of a land use plan is to reserve land for different land uses at suitable locations to facilitate balanced and sustainable development of the NDA/new town. The Government objective is to develop NDAs/new towns as self-sufficient communities with adequate community, recreational and commercial facilities (e.g. schools, clinics, social service centres, markets, supermarkets and shops for basic consumer goods, as well as accommodation for doctors, lawyers, travel agents and estate agents) to serve the local community. Thus, the Government will designate suitable sites for various uses to ensure that residents could have efficient and convenient access to their daily needs and facilities at affordable prices, without the need to travel afar.

29 In the preparation of land use plans, reference will be made to the Hong Kong Planning Standards and Guidelines (HKPSG) to determine the minimum provision, scale, location and site requirements of various social and community facilities. The HKPSG are applied with a degree of flexibility, having regard to local conditions.

30 As implementation agents of the community facilities, relevant government departments would adopt a flexible approach and have due regard to the social and demographic characteristics of the population in aligning their resources to provide the most appropriate facilities that best meet the needs of the residents.

31 Sufficient land will be reserved for retail, recreational and community facilities in the planning for NDAs/new towns. These population-related economic or social activities would generate employment for the residents. Besides, sites will also be reserved for commercial, hotel, business or industrial activities at appropriate locations, which will provide additional employment opportunities for local residents. However, with the restructuring of Hong Kong's economy from manufacture-oriented to services-and finances-based, more job opportunities would concentrate in the main urban areas. Hence, in the planning for NDAs/new towns, apart from reserving land for employment use, emphasis has also been given to improving accessibility to the main urban areas. Most of the existing new towns and planned NDAs are or will be reserved by the rail network. Other supporting transport facilities including transport

interchange, bus terminus and bus stations are planned at appropriate locations so that residents could choose their own mode of commuting.

## **Health**

32 The established health care policy of the Government aims to ensure that no one should be denied adequate medical treatment though lack of means. The public health care system provides a safety net for the low-income families and vulnerable groups through the waiver mechanism for medical fees as well as other financial assistance measures. Under the existing fee waiver mechanism, all CSSA recipients are entitled to free medical treatment in public hospitals and clinics without the need of further assessment. Those non-CSSA recipients who cannot afford public medical fees may apply for a waiver if they could meet the relevant criteria set by the Hospital Authority.

33 The Administration will consider regional and population factors etc. in planning medical services. To address the needs of remote areas, the Administration has also taken into account the distinctive factors of the districts concerned, and provides general out-patient (GOP) services in the most appropriate way. For example, public GOP clinics have been set up at Yung Shue Wan and Sok Kwu Wan on Lamma Island, Tai O, Mui Wo, Peng Chau, Cheung Chau and Sha Tau Kok, etc. GOP services are also provided to residents in remote areas through traveling dispensaries and floating clinics.

34 As regards the medical voucher scheme, the Food and Health Bureau needs to proceed with the pilot scheme with caution as public money is involved. At this stage, the Administration has to proceed with the scheme on the basis of a smaller pool of beneficiaries and lower amount of subsidies to ensure that the feasible operation and smooth implementation of the scheme. The Administration will conduct study to assess the effectiveness of the pilot scheme after its completion.

## **Support Services for the Disadvantaged**

35 The 61 Integrated Family Services Centres (IFSCs) and two Integrated Services Centres (ISCs) across the territory provide a continuum of preventive, supportive and therapeutic welfare services to people in need (including single parents and new arrivals). IFSC/ISC social workers with relevant experience and skills assess and address the needs of single parent and new arrival families in the locality in

a comprehensive manner, appropriate services are also provided. IFSCs/ISCs also extend service hours to make their service more accessible. As compared with the Single Parent Centres (SPCs) and Post Migration Centres (PMCs), IFSCs/ISCs are more accessible. They also respond to district needs more effectively. IFSCs/ISCs emphasize early prevention and intervention. They also offer additional services previously not available at the SPCs and PMCs, including intensive counselling, assessment for compassionate rehousing, arrangement for clinical psychological services, etc.

36 In accordance with the prevailing policy regarding the provision of integrated services, we have no plan to reopen the SPCs and PMCs. As at the end of June 2007, among the 44 358 active cases receiving counselling and supportive casework services in IFSCs, there were 5 305 and 1 035 cases concerning single parents and new arrivals respectively. From April 2006 to June 2007, IFSCs conducted 296 groups for 4 100 single parents and arranged 250 groups for 2 788 new arrivals. Apart from these dedicated groups, single parents and new arrivals can also participate in other support groups and programmes to interact with other families and to support and help each other.

37 The Census and Statistics Department has analyzed data collected from the 2006 Population By-Census and released a thematic report on ethnic minority groups in end-December 2007. The report covers information including the population, demography, education attainment, employment, etc.

38 At the Summit on Social Enterprise held on 20 December 2007, the Chief Executive announced that the Government had decided to provide concessionary public transport fare to persons with disabilities to help them integrate into society. The Financial Secretary and the Secretary for Labour and Welfare are working out the relevant implementation details, which will be announced in the coming Budget in February 2008. The Administration will also provide information about the scheme to the “Subcommittee to Study the Transport Needs and Provision of Concessionary Public Transport Fares for Persons with Disabilities” set up under the House Committee of LegCo.

39 The Government does not support the idea of setting up a quota system for the employment of persons with disabilities because:

- (a) such a quota system has not proven successful overseas in helping person with disabilities in finding jobs (UK even abolished its quota

- system due to its ineffectiveness);
- (b) under a mandatory employment quota system, person with disabilities will be perceived as a liability making it difficult for them to be accepted by their peers at work;
  - (c) we should help persons with disabilities to find appropriate jobs on the basis of their merits and capabilities rather than disabilities; and
  - (d) the majority of our companies in the private sector are SMEs. Imposing an employment quota on them will adversely affect their operation. If they were to be exempted, then the quota system can hardly achieve results.

### **Tax System**

40 The Financial Secretary has commenced consultation work for the 2008-09 Budget. The Administration will take into account different aspirations and views on our taxation system from the community during the consultation process.

### **Conclusion**

41 Poverty alleviation is a priority task for the Government in the next five years. We understand that there is no short cut to deal with the poverty problem. We will continue to adopt a multi-pronged approach to improve the livelihood of the poor.

Labour and Welfare Bureau  
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