

For information  
on 28 October 2014

## **Legislative Council Subcommittee on Poverty**

### **Work of the Commission on Poverty – Review and Way Forward**

#### **Purpose**

This paper reports the work progress of the Commission on Poverty (CoP) and its six Task Forces in the past two years and the way forward.

#### **Background**

2. Reinstated in December 2012, the CoP serves as an important policy platform of the current-term Government to facilitate discussion on poverty alleviation strategies. The Chief Secretary for Administration chairs the CoP, which is underpinned by six Task Forces, to conduct in-depth study and deliberate on specific areas. The Chief Executive chairs annual summits of the CoP to bring together relevant sectors in the community to set strategies and directions for poverty alleviation. The first CoP Summit was held on 28 September 2013.

3. The work of the CoP and its Task Forces during the first year after reinstatement is reported in the attached LC Paper No. CB(2)127/13-14(01). The work progress of the second year is set out below.

#### **Commission on Poverty**

4. At its inaugural Summit convened in September last year, the CoP announced the first official poverty line, which provides an objective basis for assessing the poverty situation in Hong Kong and formulating poverty alleviation initiatives. Setting a poverty line is an unprecedented move. The poverty line analysis led to widespread public discussions and community awareness about the issue of poverty and inspired other academic institutions and non-governmental organisations to conduct studies on the subject.

5. The poverty line provides evidence-based data and supports the formulation of the poverty alleviation blueprint announced by the Chief

Executive in his 2014 Policy Address. The poverty alleviation initiatives mentioned in the Policy Address cover a wide range of areas and benefit different target groups. One of the key initiatives, the Low-income Working Family Allowance (LIFA), was devised on the basis of the poverty line analysis.

6. The 2012 poverty line analysis identifies a group of self-reliant working poor households not receiving Comprehensive Social Security Assistance. Most of these households have children to look after. They deserve the priority attention of this term of Government. The LIFA proposed in the 2014 Policy Address aims to support and assist these families and their children. The CoP and the Social Security and Retirement Protection Task Force (SSRPTF) discussed at four meetings the key features and arrangements of the LIFA, and made useful suggestions to the Government. In addition, the CoP will update the poverty line analysis annually to keep in view the poverty situation of Hong Kong and consider appropriate poverty alleviation initiatives.

7. Separately, in August 2014, the CoP and the SSRPTF were briefed by Professor Nelson CHOW and his research team on the report on the future development of retirement protection in Hong Kong. The report was released in full immediately thereafter to facilitate public consumption. As retirement protection is a complex and controversial issue, the CoP will thoroughly examine the report and discuss the related matters.

### **Social Security and Retirement Protection Task Force**

8. In March 2013, the SSRPTF commissioned the research team led by Professor Nelson CHOW to study the future development of retirement protection in Hong Kong. Before the commencement of the study, the SSRPTF exchanged views with the research team on the focus and scope of the study. The SSRPTF also set up a steering group to provide necessary support for the research team throughout the study. As mentioned in paragraph 7 above, the study report was formally submitted to the CoP for discussion and released in full in August 2014. The report serves as a useful basis for the community to deliberate on and understand the important and controversial subject of retirement protection.

9. After the 2014 Policy Address, the SSRPTF actively assisted the CoP in advising the Government on the key features and implementation

details of the LIFA. The SSRPTF also kept in view the poverty situation through the annual update of the poverty line analysis.

10. Social security and retirement protection are policy issues of concern in the community. Hence, the CoP worked closely with the SSRPTF and joint meetings were held to discuss the issues. To enhance the efficiency of the deliberation process, the CoP will be merged with the SSRPTF in the new term. The CoP will be directly responsible for monitoring the poverty situation and dealing with social security and retirement protection issues.

### **Education, Employment and Training Task Force**

11. Education, employment and training are key routes to lift the poor out of poverty. In particular, they are useful means to tackle inter-generational poverty. On this basis, the Education, Employment and Training Task Force (EETTF) explores ways to help young people, especially those from underprivileged backgrounds, enjoy equal opportunities and unleash their potential. In the past, the EETTF dealt with a number of important topics, including endorsing Community Care Fund programmes for providing hostel subsidy for undergraduate students with financial hardship and increasing the academic expenses grant under the Financial Assistance Scheme for Post-secondary Students for needy students pursuing self-financing programmes. The EETTF also examined means to enhance publicity and promotion for vocational education to attract young people to join promising vocational trades. It also advised on enhancing participation of the business sector in after-school learning and support programmes, and strengthening life planning education in secondary schools.

12. Echoing the current-term Government's priority of promoting upward mobility of young people, the EETTF will in the new term concentrate on exploring ways to facilitate young people to move upwards along the social ladder and its scope of work will be expanded beyond the areas of education, employment and training. The EETTF will be renamed to better reflect its revised terms of reference.

### **Special Needs Groups Task Force**

13. The Special Needs Groups Task Force (SNGTF) focuses its study on various target groups with special needs in the community and makes recommendations on appropriate support measures. In the past

two years, the SNGTF pursued vigorously how to assist children of ethnic minorities to learn Chinese in local schools more effectively and worked with the Education Bureau in implementing the “Chinese Language Curriculum Second Language Learning Framework”.

14. The SNGTF has set up two working groups to conduct in-depth studies on support for students with special educational needs (SEN) and provision of child care services respectively. Areas under study include improving the “early identification” and “early support” mechanisms to ensure timely support and intervention for SEN children, strengthening teachers’ training and other professional support to enhance the learning ability of SEN students at schools, as well as increasing the provision of child care services to release women to work so as to improve their financial situation.

15. The SNGTF is also concerned about employment of persons with disabilities and has provided suggestions on how to encourage more employers to offer them jobs.

### **Societal Engagement Task Force**

16. To encourage the business sector to help enhance the upward mobility of young people, the Societal Engagement Task Force (SETF) launched in collaboration with the Hong Kong Council of Social Service the three-year “Future Stars” programme at the Summit last year. Under the programme, three different thematic projects are implemented to assist young people from underprivileged backgrounds in planning their future and fostering their career aspirations to facilitate their smooth transition from school to work, and to reward diligent and well-motivated students. Over 200 organisations took part in the first year of the programme, benefiting some 7 000 young people.

17. The “Bless Hong Kong” Campaign, a six-month territory-wide poverty alleviation campaign launched by the SETF in early February 2014, concluded successfully in August. The Campaign sought to encourage community participation in poverty alleviation and promote the spirit of mutual help through tripartite collaboration among the community, the business sector and the Government. More than 700 poverty alleviation activities were initiated by over 200 bodies and organisations under the Campaign, benefiting some 100 000 underprivileged people from different groups, including senior citizens, grassroot families, ethnic minorities and persons with disabilities.

18. With the smooth implementation of the “Future Stars” programme and the successful conclusion of the “Bless Hong Kong” Campaign, the SETF has by and large accomplished its mission. The spirit of alleviating poverty and supporting the disadvantaged was promoted widely across the community through the two programmes. The CoP will continue to promote meaningful societal engagement activities and set up dedicated working groups for follow-up as appropriate.

### **Community Care Fund Task Force**

19. Since its establishment in 2011, the Community Care Fund (CCF) has launched 27 assistance programmes, nine of which were approved by the reinstated CoP. The total commitments exceed \$4 billion and over 810 000 people have benefited from these programmes. In line with its mission to offer targeted assistance in a timely manner, the Community Care Fund Task Force (CCFTF) has not only rolled out a number of new assistance programmes in the past two years, but has also enhanced the implementation of some programmes to provide assistance to the needy more effectively.

20. Up to now, eight programmes have been incorporated into the Government’s regular assistance programme. We are also taking steps to regularise another two programmes. These regularised programmes will incur Government recurrent expenditure of some \$800 million every year. Subject to the Government’s resource availability, other programmes proved to be effective in poverty alleviation or meeting the needs of the target beneficiaries will be considered for regularisation.

21. To plug gaps in the existing system, the CCFTF will continue to work with other Task Forces, ensure effective use of its resources and draw up more programmes to support the underprivileged and low-income families.

### **Social Innovation and Entrepreneurship Development Fund Task Force**

22. The Social Innovation and Entrepreneurship Development Fund (SIE Fund) was launched at the Summit last year with \$500 million as seed money to encourage entrepreneurs to resolve social problems by taking an innovative approach. To facilitate public access to

information about the SIE Fund, further to the setting up of a dedicated website last year, the Social Innovation and Entrepreneurship Development Fund Task Force (SIEDFTF) has rolled out other communication channels including Facebook page, YouTube Channel, quarterly newsletters and a mobile application.

23. The SIEDTF completed a Market Sounding Exercise (MSE) in mid-2013, during which more than 2 000 stakeholders were approached to solicit their views on how to drive social innovation through intermediaries. Based on the MSE findings, as well as the objectives and priority areas of the SIE Fund agreed by the CoP, the SIEDFTF has drawn up a mechanism for selecting intermediaries and put in place the relevant funding criteria. Open recruitment of the first batch of SIE Fund intermediaries for operating initiatives under Capacity Building and Innovative Programmes was conducted in the first quarter of this year. The SIEDFTF received more than 40 proposals and will make announcements on the appointment of intermediaries later this year.

24. The SIEDFTF is making preparation for a flagship project on food assistance. The project will cover the development of an information exchange platform to facilitate the effective matching of supply with demand and the provision of other related services. After considering the ideas collected from a cross-sector workshop, the Task Force intends to conduct an open invitation exercise to select an intermediary to take forward the project.

25. Jointly organised by the SIEDFTF and the Government's Youth Portal (Youth.gov.hk), the Social Innovation Video Competition for Secondary Students aims to enhance the understanding of social innovation and poverty relief among secondary students.

## **Way Forward**

26. The second CoP Summit was originally scheduled for 4 October this year to publish the 2013 Hong Kong poverty situation analysis. It has been postponed to later this year due to the recent occupy activities.

27. The CoP serves as a major policy platform to assist the Government in pursuing poverty alleviation initiatives, canvassing views from the community and building consensus. Having regard to the poverty line analysis and the views collected, the CoP and its six Task Forces studied and discussed different poverty alleviation measures in the

past two years. It put forward many useful comments which were taken on board by the Government in formulating the poverty alleviation blueprint. Looking ahead, the CoP will continue to assist the Government to implement the measures as set out in its poverty alleviation blueprint.

28. The current-term CoP will end on 30 November 2014. The structure of the next-term CoP will be suitably adjusted. In its new term, the CoP will set up four Task Forces which will be responsible for promoting youth mobility, supporting the special needs groups, and administering the CCF and the SIE Fund respectively. The CoP will deal with the subjects of social security and retirement protection direct. Working groups will be formed on an ad-hoc basis to take forward specific projects. The terms of reference of the Task Forces will be reviewed to reflect CoP's work direction. We will continue to promote tripartite collaboration among the community, the business sector and the Government in pursuing the work of poverty alleviation.

### **Advice Sought**

29. Members are invited to note the content of the paper.

**Secretariat of the Commission on Poverty  
Chief Secretary for Administration's Office  
October 2014**

## **Legislative Council Subcommittee on Poverty**

### **The Commission on Poverty Summit and Work Progress of the Commission on Poverty and its Task Forces**

#### **Purpose**

This paper gives a brief report on the Commission on Poverty Summit and the work progress of the Commission on Poverty (CoP) and its Task Forces.

#### **Commission on Poverty Summit**

2. Chaired by the Chief Executive, the first Commission on Poverty Summit was held on 28 September 2013. The Summit, with the theme of “Setting of the Poverty Line and Poverty Alleviation Strategy”, was attended by around 500 participants, including members of the CoP and its six Task Forces, members of the Executive Council, Legislative Councillors, District Council chairmen and vice-chairmen, and representatives from the business sector, academia, think tanks, non-governmental organisations, service user groups and concern groups.

3. The CoP has completed the work of setting the poverty line within one year after its reinstatement. Set in the light of international mainstream approaches and based on the concept of relative poverty, the poverty line is both internationally comparable and widely accepted by the public. The poverty line is set at 50% of the median monthly household income before government policy intervention (i.e. before tax and social benefits transfers). The setting of an official poverty line marks an important milestone in the tackling of poverty in Hong Kong. It also demonstrates the determination and commitment of the current-term Government in tackling the problem. The poverty line

helps us better understand the poverty situation, formulate appropriate policies and assess the effectiveness of government policy intervention.

4. Details of the poverty line and the analysis of the poverty situation in 2012 were released by the CoP at the Summit. The analysis of the poverty situation in 2012 is presented in the “Hong Kong Poverty Situation Report 2012” by the Economic Analysis Division of the Economic Analysis and Business Facilitation Unit and the Census and Statistics Department published on the day of the Summit. The report has been uploaded to the CoP’s dedicated website ([www.povertyrelief.gov.hk](http://www.povertyrelief.gov.hk)). Information and materials on the Summit has also been distributed to Members through the Legislative Council Secretariat after the Summit.

5. The poverty line for 2012 in accordance with household size (before tax and social benefits transfer) is as follows:

One-person households	\$3,600
Two-person households	\$7,700
Three-person households	\$11,500
Four-person households	\$14,300
Five-person households	\$14,800
Households with six persons or more	\$15,800

6. Analysis of the poverty situation in 2012 shows that before government policy intervention, there were 541 000 poor households in Hong Kong, involving 1 312 000 persons, and the poverty rate was 19.6%. The Government’s various recurrent cash interventions such as the Comprehensive Social Security Assistance (CSSA), the Old Age Allowance, financial assistance for students and the Work Incentive Transport Subsidy can effectively alleviate poverty, bring down the number of households in poverty to 403 000, involving 1 018 000 persons, resulting in a poverty rate of 15.2%. Our observations from the detailed analysis of the poverty situation are as follows:

(1) Although the effects of non-recurrent cash (one-off relief measures) and non-cash policy (mainly the provision of public rental housing (PRH)) were excluded in the main analysis of the

poverty line, both of them are effective in alleviating poverty. The effectiveness of the PRH policy in this aspect is particularly notable. If the PRH subsidy was taken into account, the poverty rate in 2012 would have dropped from 15.2% to 10.1%, and the number of households living below the poverty line would have reduced from 403 000 to 272 000, marking a decrease in poor population from 1.02 million to 674 000.

- (2) Of the recurrent cash measures, CSSA is the most effective means to reduce poverty, lifting about 90 000 households above the poverty line. Although a significant number of CSSA households (about 100 000) are still living below the poverty line after recurrent cash intervention, almost 80% of them are PRH tenants and another 10% or so are living in self-owned private property or Home Ownership Scheme flats. As such, housing, their most essential need of living, has already been taken care of.
- (3) Among the 1.02 million poor population, 208 800 are children aged 18 or below, comprising almost 20% of the child population in Hong Kong. Over 90% of the poor children are from CSSA families or non-CSSA working households. Despite the fact that they can benefit from the free education policy, they will inevitably be in a disadvantaged position in study and learning in view of their family circumstances.
- (4) Besides, there are almost 300 000 elderly people aged 65 or above (i.e. one third of the elderly population) in the poor population. However, we need to bear in mind that since the poverty line does not take into account assets, the ratio of poor elderly population could have been overstated by including the “asset-rich, income-poor” retirees.
- (5) Among the 300 000 non-CSSA households living below the poverty line, about 48% (143 500 households) are economically active and in work. These working households are usually larger in size (84% are three-or-more-person households), have more dependants to support (one working person supporting two

family members) and are engaged in low-skilled jobs. Given their heavier financial burdens, employment alone is no guarantee for leaving the poverty line. They deserve our attention.

7. The setting of the poverty line has helped us size up the problem of poverty in Hong Kong and to identify the groups in need. Our next step is to work out proper means to help the disadvantaged. Our direction and strategy for poverty alleviation in the future cover the following four aspects:

- (1) Employment is the best route out of poverty. We should continue to develop our economy and create employment opportunities, particularly quality jobs that can facilitate the upward mobility of our young people.
- (2) Any new measure helping needy poor working families should be pro-employment and pro-children. The support should be structured to sustain self-reliance of family members while enhancing their opportunities for upward mobility.
- (3) For improving the CSSA system, it will be more effective to put in place targeted measures which encourage able-bodied recipients to move from welfare to self-reliance and strengthen support for school-aged recipients to tackle the risk of inter-generational poverty.
- (4) We should consider helping other special needs groups like people with disabilities, single parents and ethnic minorities through a combination of cash assistance, support services and regularisation of effective programmes funded by the Community Care Fund (CCF).

8. There was a discussion session on the day of the Summit, in which the Chief Executive and members of the CoP exchanged with participants views on poverty alleviation strategy. The participants welcomed the setting of the poverty line by the Government, and urged the Government to formulate focused and effective measures to help poor

families and the needy as soon as possible. The participants generally agreed that the key direction of the next phase of poverty alleviation work should be facilitating employment and strengthening the study-related support for poor children.

### **Work Progress of the CoP and its Task Forces**

9. After its reinstatement in December 2012, the CoP swiftly sprang into action. Wasting no time, the CoP and its six Task Forces have reviewed existing measures, identified areas where immediate improvements can be made and studied longer term policy issues. In the past ten months, the CoP and its Task Force conducted some 30 visits or meetings with stakeholders.

10. In the Summit, the CoP and its six Task Forces published a leaflet to report the progress of their work over the past ten months. The leaflet has been uploaded to the CoP's dedicated website. Major work priorities of the six Task Forces over the past ten months are as follows:

#### **Social Security and Retirement Protection Task Force**

11. Apart from assisting the CoP in setting the poverty line, the Social Security and Retirement Protection Task Force (SSRPTF) has reviewed certain aspects of the CSSA Scheme and the profile of existing recipients to promote the policy of "From Welfare to Self-reliance" among the CSSA recipients who can work. SSRPTF members support the launching of an incentive scheme under the CCF to provide incentives to some 2 000 able-bodied unemployed persons on CSSA as their springboard to employment and self-reliance.

12. The SSRPTF has commissioned a consultancy study led by Professor Nelson CHOW to assess the adequacy of the existing three pillar system for retirement protection and map out proposals for the future. The SSRPTF is also monitoring the Government's review on the Disability Allowance.

#### **Education, Employment and Training Task Force**

13. To assist in tackling the risk of inter-generational poverty and to ensure equal opportunities to quality education, the Education, Employment and Training Task Force (EETTF), after reviewing the existing financial assistance for needy students, agrees to tap into the CCF for early support by doubling the flat-rate academic expense grant under the School Textbook Assistance Scheme and reimbursing course fees for programmes below sub-degree level in the 2013/14 academic year. The measures will benefit over 356 000 students.

14. To facilitate the upward mobility of young people, the EETTF has explored ways to attract young people to join promising vocational trades, which will also relieve the manpower shortage in these trades. In this connection, the EETTF is considering implementing a pilot programme integrating vocational education, job placement and employment support under the tripartite partnership of the Government, the Vocational Training Council and the business sector.

### **Special Needs Groups Task Force**

15. Social integration can be achieved through education and employment. The Special Needs Groups Task Force (SNGTF) is considering how to increase the employability of persons with disabilities through vocational training services and strengthen support services for persons with disabilities in open employment. In particular, the SNGTF supports the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme to mobilise different sectors to further promote the employment of persons with disabilities. The SNGTF is also studying how to help ethnic minority children learn Chinese more effectively at local schools. Early intervention, adapted curriculum and standard assessment tools, school and parental support as well as teacher training are areas being considered.

16. To help single parents balance work and family, the SNGTF is considering ways to enhance the Neighbourhood Support Child Care Project. For new arrivals from the Mainland, the SNGTF will consider whether their training/retraining needs are adequately met by existing training bodies.

## **Societal Engagement Task Force**

17. To consolidate non-governmental efforts in poverty alleviation, the Societal Engagement Task Force (SETF) kicked off in the Summit the “Future Stars” programme in collaboration with the Hong Kong Council of Social Service. Targeted at young people from disadvantaged backgrounds, “Future Stars” comprises three initiatives to help smooth young people’s transition from school to work, encourage them to plan for their future and reward those students who have displayed resilience and ability.

18. The SETF is planning for a six-month territory-wide publicity campaign early next year to foster mutual help and care. The campaign will mobilise different sectors (individuals and corporations) to help the needy through their own means and boost the spirit of poverty alleviation. As part of the campaign, the SETF will launch a portal for sharing information about poverty alleviation activities organised by business and professional sectors as well as welfare bodies.

## **Community Care Fund Task Force**

19. Since its establishment in early 2011, the CCF has endorsed for implementation a total of 24 assistance programmes, six of which were approved by the reinstated CoP. With a total commitment exceeding \$2.9 billion, these programmes are benefiting over 200 000 people. In line with its mission to offer targeted assistance in a timely manner, the Community Care Fund Task Force (CCFTF) has proposed revisions to the eligibility criteria of some existing programmes to benefit more in need. To date, three programmes have been regularised, that is, to be provided on an ongoing basis by the Government. Subject to the Government’s resource availability, some other programmes which are proved to be effective in poverty alleviation or meet the needs of the target beneficiaries will be regularised.

20. In June 2013, with the approval of the Finance Committee of the Legislative Council, the Government injected an additional \$15 billion into the CCF to strengthen poverty alleviation efforts and enhance the CCF’s capacity to plug the gaps in the existing system. The CCFTF

will continue to draw up more programmes in collaboration with other Task Forces to further assist the underprivileged and low-income families.

### **Social Innovation and Entrepreneurship Development Fund Task Force**

21. The Social Innovation and Entrepreneurship Development Fund (SIE Fund) was launched at the Summit with \$500 million as seed money to encourage entrepreneurs to resolve social problems by taking an innovative approach. A dedicated website also came into operation on the same day to promote the SIE Fund. The Social Innovation and Entrepreneurship Development Fund Task Force (SIEDFTF) completed a Market Sounding Exercise (MSE) in mid-2013, during which more than 2 000 stakeholders were approached. The MSE aims not only to promote general awareness of the SIE Fund but also solicit views on how to drive social innovation through intermediaries. Based on the MSE findings, the SIEDFTF is preparing for an open invitation exercise to be held in the last quarter of 2013 for the first tranche of intermediaries.

22. The SIE Fund is exploring a flagship project to provide a platform to strengthen and co-ordinate food assistance services for disadvantaged groups. SIEDFTF members are also considering commissioning research to further the objectives of the SIE Fund.

### **Next Step**

23. With the support and collaboration of the CoP and stakeholders of all sectors, the Government has made some practical and meaningful progress over the past ten months. But there is still much more to do. Based on the poverty line analyses and views received, we will examine and develop strategies for poverty alleviation in the years ahead. We will continue to promote tripartite collaboration among the community, the business sector and the Government to ensure more significant progress is made.

24. The Government is about to kick-start the consultations for the next Policy Address and Budget. We welcome suggestions on strategies and measures for poverty alleviation, which will help the Government

formulate focused and effective policies.

**Advice Sought**

25. Members are invited to note the content of the paper.

**Secretariat of the Commission on Poverty  
Chief Secretary for Administration's Office  
October 2013**