

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). 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
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