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Subcommittee on Poverty

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 22 November 2013

Support for low-income working households which are not on Comprehensive Social Security Assistance

Purpose

This paper summarizes discussions by the Legislative Council ("LegCo") and its committees on the Government's support for low-income working households which are not on the Comprehensive Social Security Assistance ("CSSA").

Background

2. According to the Administration, the Government attaches great importance to the needs of the low-income earners. For those non-CSSA low-income earners, the Government provides plenty of free or highly subsidized services in various policy areas to assist them to meet the basic needs in their daily lives. These services include the provision of public rental housing and rental allowance, heavily subsidized public healthcare services, and 12-year free education starting from the 2008-2009 school year, etc. In addition, the Government has also rolled out supportive measures to assist low-income earners to enter into the labour market, including programmes offered by the Labour Department ("LD") as well as support measures ranging from training and retraining, diversified child care and after-school care services to meet the demands of working parents, short-term measures to help low-income working households to tide over economic adversities.

3. Following the re-establishment of the Commission on Poverty ("CoP") in November 2012, six task forces have been formed under CoP to work on different fronts to review the effectiveness of existing poverty

alleviation policies and formulate new policies to prevent and alleviate poverty and social exclusion.

Members' major deliberations and concerns

Measures to assist low-income earners to remain in employment

4. Members had stressed the need to assist low-income earners to remain in employment. They were concerned that low-income workers would tend to quit their jobs as the expenses on travelling to work had taken up most of their earnings. The Administration was urged to provide more incentives to keep them staying in employment, and review the statutory minimum wage ("SMW") more proactively to ensure that it would be in line with inflation, so that workers could receive reasonable compensation for their work.

5. The Administration advised that as part of its poverty alleviation measures, employment had been the key to self-reliance, and therefore it had provided the grass-roots workforce with effective employment support. The implementation of SMW and the launch of the Work Incentive Transport Subsidy ("WITS") Scheme would help meet the needs of employees from low-income households and encourage them to stay in employment.

6. The Administration stressed that since the launch of the WITS Scheme in October 2011, it had kept in view how to enhance the implementation of the Scheme to help employed persons from low-income households. Members were advised that another round of enhancement had been rolled out to substantially relax the WITS Scheme by providing for the option of individual applications as an alternative to household applications. In addition, with effect from the claim month of March 2012, the income limits of the WITS Scheme had been updated with reference to the median monthly household income in the fourth quarter of 2011, and the asset limits had been raised to three times the corresponding limits under the CSSA Scheme. For example, for a single-person household, the income limit had been increased to \$7,700 per month. The asset limit had also been substantially increased from \$44,000 to \$75,000.

7. In response to members' request for setting different levels of subsidy based on the distance between the location of work and residence, the Administration advised that the existing full-rate subsidy at \$600 per month should provide sufficient support to most eligible applicants. It would closely monitor the situation and take account of members' views in its comprehensive review of the WITS Scheme to be conducted in 2014. The

Administration would also work closely with CoP in formulating strategies to address the problem of working poor.

8. Some members of the Subcommittee on Poverty ("the Subcommittee") had expressed the need to formulate long-term child care policy and strengthen child care services so that parents could go to work. They considered it necessary to increase the remuneration of carers under the Neighbourhood Support Child Care Project ("NSCCP") to enable more women to join or return to the workforce.

9. The Administration explained that NSCCP was not an employment project but a mutual-aid scheme. Its objective was to foster community participation and mutual help in the neighbourhood, and provide needy families with flexible childcare support services. CoP's Special Needs Group Task Force had set up a working group to explore ways to enhance child care support for low-income families, including new-arrivals and single-parent families.

Tax relief

10. A motion was passed at the Council meeting on 14 November 2012 urging the Government to, among other things, conduct studies on implementing negative income tax in order to provide subsidies for low-income people. The Administration advised that it aimed to help underprivileged people capable of working by offering them opportunities to become self-reliant and improve their livelihood. Public resources should be devoted to those who could not provide for themselves. It stressed that a welfare policy underpinned by heavy taxation would not be a viable option, taking into account the economic structure and mode of social development in Hong Kong.

District-based poverty alleviation measures

11. In response to members' concerns about the employment needs of low-income households in poverty stricken districts such as Tin Shui Wai, Kwai Tsing, and Tung Chung, the Administration advised that LD adopted an integrated approach for the delivery of training and employment assistance. It had set up a pioneer Employment in One-stop service centre in Tin Shui Wai in December 2011. The service centre aimed to streamline, integrate and enhance the existing employment and training/retraining services provided by LD, the Social Welfare Department and the Employees Retraining Board ("ERB").

12. According to the Administration, apart from providing ordinary employment support services, the service centre provided job-seekers who

required more intensive employment support with highly customized employment assistance, such as in-depth psychological counselling by social workers and case management services. The ERB part of the Employment in One-stop service centre also offered a wide range of services, including personalized training consultancy service and enrolment service for ERB courses offered in the vicinity. In 2013-2014, LD would set up a job centre in Tung Chung, which could strengthen employment services for job-seekers living in remote areas, reduce substantially the time required by them for receiving employment services and save their travelling expenses.

13. Members called on the Administration to ensure that the targeted measures met the specific needs of various disadvantaged groups in different districts. The District Officers concerned should take a more proactive role in identifying the district needs and collaborating cross-sectoral efforts, including district councils, district organizations and government departments. The Administration should also carry out specific initiatives to promote local economy and create job opportunities for local residents, as well as monitor the progress and effectiveness of these initiatives in assisting the disadvantaged.

Subsidy for low-income working households

14. In discussing the Government's measures to combat poverty after the re-establishment of CoP in November 2012, the Subcommittee took the view that while CoP had been expending efforts in setting a poverty line, the Administration should undertake, once the poverty line was set, to set specific poverty alleviation targets and ensure that poor people could earn a basic income. Members also shared the views of deputations, who made submissions to the Subcommittee, that the Administration should roll out intermediate measures to address the imminent hardship of the working poor, most notably the introduction of a low-income working family subsidy to ease these families' burden in raising children and alleviate inter-generational poverty.

15. The Administration advised that CoP had discussed the proposal of providing "low-income subsidy" for low-income working households which were not on CSSA. A number of CoP members considered that the Administration could explore the possibility of suitably incorporating elements of low-income subsidy into the existing WITS and set the level of subsidy according to the composition and/or income level of the applicant's household. As the low income subsidy proposal involved important policy and resource considerations, it must be handled with care. Besides, the proposal itself was not without controversy. For instance, whether the provision of regular subsidies would reduce recipients' motivation for

seeking higher-paid jobs would be an issue for consideration. According to the Administration, the low-income subsidy was intended to be pro-employment and pro-children. The Administration was studying and analyzing the proposals from political groups, academia, concern groups, etc. on the low income subsidy. CoP's views on the proposals would be sought.

16. At its meeting on 8 July 2013, the Subcommittee passed a motion requesting the Government to expeditiously draw up a proposal to provide a territory-wide low-income family supplement with household income and household size as major factors to be taken into account.

Other short-term relief measures

17. According to the Administration, the Community Care Fund ("CCF") successfully implemented in 2012 two programmes that targeted at non-CSSA low-income tenants in leased private housing, i.e. the "Subsidy for low-income persons who are inadequately housed" and the "Subsidy for low-income elderly tenants in private housing" programmes. Considering that the "N have-nots" (i.e. those who did not own any property, live in public housing or receive CSSA) could directly benefit from these programmes, CCF planned to re-launch the former programme, which would also cover the elderly beneficiaries under the latter programme as target beneficiaries. The number of beneficiaries was expected to increase substantially to more than 70 000 households (close to 200 000 persons).

18. The Administration advised that, apart from these programmes, the CCF Task Force under CoP would take into account the views of the public and stakeholders and continue to launch more programmes in collaboration with other task forces under CoP. Among others, the CCF Task Force might consider exploring how to enhance support to students from low-income families to participate in extra-curricular activities and after-school support programmes.

Relevant papers

19. A list of the relevant papers on the LegCo website is in the **Appendix**.

Appendix

Relevant papers on support for low-income working households which are not on Comprehensive Social Security Assistance

Committee	Date of meeting	Paper
Subcommittee on Poverty Alleviation of the Panel on Welfare Services	6 February 2009 to 31 May 2010	Report of the Subcommittee to the House Committee
Legislative Council	8 July 2009	Official Record of proceedings
Panel on Manpower	17 February 2011 (Item IV)	Agenda Minutes
Panel on Welfare Services	11 July 2011 (Item V)	Agenda Minutes
Legislative Council	14 November 2012	Official Record of Proceedings Progress Report
Panel on Manpower	3 December 2012 (Item I)	Agenda Minutes
Subcommittee on Poverty	11 December 2012 (Item III)	Agenda Minutes
Panel on Welfare Services	21 January 2013 (Item I)	Agenda Minutes
Panel on Manpower	25 January 2013 (Item V)	Agenda Minutes
Panel on Welfare Services	19 February 2013 (Item V)	Agenda Minutes
House Committee	22 March 2013 (Item I)	Agenda Verbatim Record of Proceedings

Committee	Date of meeting	Paper
Panel on Welfare Services	26 March 2013 (Item I)	Agenda Minutes
Subcommittee on Poverty	24 May 2013 (Item II)	Agenda Minutes
Subcommittee on Poverty	8 July 2013 (Item I)	Agenda Minutes
Subcommittee on Poverty	9 July 2013 (Item II)	Agenda Minutes
Subcommittee on Poverty	29 October 2013 (Item I)	Agenda

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