

**Legislative Council  
of the  
Hong Kong Special Administrative Region**

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**Delegation of the  
Subcommittee on Poverty  
under the House Committee**

**Report on the duty visit to study  
the experience of poverty alleviation  
in Taiwan and Japan**

**20 to 29 August 2013**

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Programme of the duty visit to Taiwan and Japan  
from 20 to 29 August 2013

## Chapter 1 – Introduction

### Purpose of report

1.1 A delegation of the Subcommittee on Poverty ("the Subcommittee") under the House Committee of the Legislative Council visited Taiwan (Taipei) and Japan (Tokyo) in August 2013 to study the experience of poverty alleviation in these places. This report presents the main findings and observations of the delegation as well as a summary of the discussions by the Subcommittee in relation to the findings.

### Membership of the delegation

1.2 The delegation comprised the following Members –

#### Subcommittee members

Hon Frederick FUNG Kin-kee, SBS, JP (Subcommittee Chairman and leader of the delegation)

Hon LEUNG Yiu-chung

Hon CHEUNG Kwok-che

Hon Alan LEONG Kah-kit, SC (joining the Taipei leg only)

Hon LEUNG Kwok-hung

Hon WONG Yuk-man

Hon CHAN Yuen-han, SBS, JP

Hon KWOK Wai-keung

#### Non-Subcommittee Members

Hon WONG Kwok-kin, BBS

Hon Paul TSE Wai-chun, JP

1.3 Mr Colin CHUI, Clerk to the Subcommittee, Ms Catherina YU, Senior Council Secretary 2(4), and Ms Ivy CHENG, Research Officer 3, accompanied the delegation on the visit.

### Purpose of the visit

1.4 The Subcommittee was appointed by the House Committee of the Legislative Council in October 2012 to, among other things, study policies and measures relating to poverty alleviation. The Subcommittee decided to

send a delegation to Taiwan and Japan to study their experience in alleviating poverty, particularly elderly poverty and working poverty; to obtain first-hand information on the policies and initiatives put in place to alleviate poverty; and to exchange views with the relevant parties involved in the formulation, implementation and monitoring of strategies in this regard.

### **Visit programme**

1.5 The delegation visited Taiwan (Taipei) from 20 to 24 August 2013 and Japan (Tokyo) from 24 to 29 August 2013. The delegation met with government officials, parliamentarians, representatives of not-for-profit organizations and academic. The delegation also visited some not-for-profit organizations and social welfare facilities in Taipei City, New Taipei City and Tokyo. Further details of the visit programme are in the **Appendix**.

## **Chapter 2 – Poverty alleviation strategies for low-income families and working poor**

### **Poverty alleviation strategies for low-income families and working poor in Taiwan**

2.1 In Taiwan, the delegation met with officials of the Ministry of Health and Welfare ("MHW"), the Council of Labour Affairs ("CLA"), the Department of Social Welfare and the Department of Labour of the Taipei City Government, and the Labour Affairs Department and the Social Welfare Department of the New Taipei City Government. The delegation also met with the Convenor of the Social Welfare and Environmental Hygiene Committee of the Legislative Yuan. The delegation received detailed presentations on policy and measures to alleviate poverty among low-income families and working poor. The delegation also visited the Yan Ji low-cost housing in Taipei City to understand the services provided for low-income families.

#### Overview of poverty alleviation policy

2.2 MHW<sup>1</sup> is the ministry responsible for formulating and implementing policies relating to social welfare, social insurance, social assistance, medical services and public health in Taiwan. MHW has briefed the delegation on the overall strategy of the government in assisting the socially disadvantaged, and details of the Public Assistance System, i.e. the social safety net of last resort.

2.3 According to MWH, the government has addressed the poverty issue through strategies including provision of public assistance and welfare services to the needy, promoting employment opportunities among those who are capable of work, and ensuring equal education opportunities for easing inter-generational poverty.

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<sup>1</sup> MHW was established in July 2013 as a result of the merger of the Department of Health under the Executive Yuan; the Department of Social Affairs, the Child Welfare Bureau, the Domestic Violence and Sexual Assault Committee and the National Pension Supervisory Committee under the Ministry of Interior; and the National Research Institute of Chinese Medicine under the Ministry of Education.



Meeting with officials of the Department of Social Assistance and Social Work of the Ministry of Health and Welfare

### Measurement of poverty

2.4 According to MHW, the current official poverty threshold, i.e. the lowest living cost, was adopted by the government in 1997 for the purpose of determining the eligibility for assistance under the Public Assistance System. As stipulated in Article 4 of the *Public Assistance Act*, the lowest living cost is defined as 60% of the median of disposable income per capita per month in a region in the previous year. Disposable income is measured by adding all income from work, investment and property, and social insurance cash benefits, and deducting taxes and social security contributions. In 2013, the lowest living cost in Taiwan ranged from NT\$8,798 (HK\$2,367) to NT\$14,794 (HK\$3,980)<sup>2</sup>. For example, the lowest living cost in Taipei City was NT\$14,794 (HK\$3,980) while the lowest living cost in New Taipei City was NT\$11,832 (HK\$3,183).

### Public Assistance System

2.5 The Public Assistance System is established according to the

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<sup>2</sup> The exchange rate in December 2013 was NT\$1 = HK\$0.269.

*Public Assistance Act* to provide assistance and disaster relief to needy citizens and enable them to become self-reliant. The major categories of recipients under the System include low-income families, medium- to low-income families, the elderly, persons with disabilities, those incapable of work and victims of disasters and their families.

#### *Eligibility criteria for assistance*

2.6 According to Article 4 of the *Public Assistance Act*, a low-income family and a medium- to low-income family will be eligible for public assistance if the average monthly income per person of the family falls below the lowest living cost and 1.5 times of the lowest living cost respectively; and the total assets (including liquid assets and real estates) of the family do not exceed the levels specified by the responsible regional authorities.

2.7 In 2013, the liquid assets limits in a year for low-income families ranged from NT\$75,000 (HK\$20,175) to NT\$150,000 (HK\$40,350) per person and the real estates limits ranged from NT\$2.5 million (HK\$672,500) to NT\$6.55 million (HK\$1.76 million) per household. For medium- to low-income families, the liquid assets limits per person in a year ranged from NT\$112,500 (HK\$30,263) to NT\$150,000 (HK\$40,350) and the real estates limits ranged from NT\$3.75 million (HK\$1 million) to NT\$7.76 million (HK\$2.09 million) per household in 2013.

2.8 According to MHW, there were 144 188 low-income families or 351 850 low-income persons in Taiwan as at June 2013, representing approximately 1.8% of the total number of households or 1.5% of the total population. There were 98 089 medium- to low-income families or 304 371 medium- to low-income persons, representing approximately 1.2% of the total number of households or 1.3% of the total population.

#### *Categories of assistance*

2.9 Under the Public Assistance System, low-income and medium- to low-income families are provided with assistance including living support, medical subsidies, and support to become self-reliant.

2.10 In 2013, low-income families might receive basic monthly family living support between NT\$5,900 (HK\$1,587) and NT\$14,794 (HK\$3,980) per person, which was calculated based on the number of work-capable

family members, and income level and amount of assets of the recipient family<sup>3</sup>.

2.11 Children aged under 15 in low-income families might be provided with monthly living subsidy between NT\$1,900 (HK\$511) and NT\$7,300 (HK\$1,964) per person in 2013. To encourage children in low-income families to continue their education so as to enhance their future employment prospect, children attending high school or above might be provided with monthly student living assistance at an amount of NT\$5,900 (HK\$1,587) per person. In addition, low-income families might be provided with special assistance such as education subsidy, rent subsidy and funeral subsidy. For medium- to low-income families with children attending high school or above, education subsidy at 30% of education expenses might be provided.

2.12 With regard to medical subsidies, low-income families and medium- to low-income families are entitled to subsidy to cover 100% and 50% of the premium of the National Health Insurance Scheme respectively. The government will fully subsidize the medical expenses of low-income families and subsidize 80% of the medical expenses of medium- to low-income families if their cumulative medical expenses reach NT\$30,000 (HK\$8,070) and above in three months.

2.13 In order to promote self-reliance of public assistance recipients, responsible regional authorities are required under Article 15 of the *Public Assistance Act* to promote the employment opportunities of work-capable recipients. Assistance may include: provision of employment services, vocational training, work relief benefits, consultation on starting up business, interest subsidy for business start-up loan, and transport subsidy during the job seeking period.

2.14 For public assistance recipients who get employed after engaging in vocational training or work relief programmes, or adopting public employment services, a certain amount of their income from work will be

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<sup>3</sup> In Taipei City, low-income families are grouped into five categories according to their income levels. In 2013, basic monthly family living support ranging from NT\$6,800 (HK\$1,829) to NT\$14,794 (HK\$3,980) per person was provided to the first three categories of low-income families which had no or very low income. Families in the other two categories might only be provided with living subsidy for children and student living assistance. In New Taipei City, low-income families are grouped into three categories according to their income and assets levels. In 2013, basic monthly family living support ranging from NT\$5,900 (HK\$1,587) to NT\$11,500 (HK\$3,094) per person was provided to the first two categories of low-income families which had no or very low income. Families in the last category might only be provided with living subsidy for children and student living assistance.

disregarded in determining their eligibility for public assistance for a period of up to three years, and the period may be extended for one more year.

2.15 The *Public Assistance Act* also provides for the provision of assistance to the homeless. According to Article 17 of the *Act*, the regional governments will provide shelter, living assistance, and referral to social welfare and employment services for the homeless. In 2012, 3 240 homeless persons were listed by the regional governments. These were homeless persons who had been identified but refused to accept shelter provided by the regional governments.

*Measures implemented by Taipei City Government*

2.16 The delegation have met with officials of the Department of Social Welfare of the Taipei City Government to understand the measures adopted for alleviating poverty among low-income families at the municipal level.



Meeting with officials of the Department of Social Welfare of Taipei City Government

2.17 According to the Taipei City Government, there were 21 001 low-income families or 51 282 low-income persons in the municipality in 2012, representing around 2.1% of the total number of households or 1.9% of the total population. There were 3 286 medium- to low-income families or 8 770 medium- to low-income persons in 2012, representing about 0.3% of the total number of households or 0.3% of the total population in the municipality.

2.18 Apart from providing financial assistance (e.g. living support and medical subsidies) for low-income and medium- to low-income families under the Public Assistance System, the Taipei City Government has introduced measures to boost the capabilities and enhance self-reliance of low-income families. These measures include –

- (a) low-cost housing – providing free or low-cost housing for low-income families and assisting them to become self-reliant through intensive counselling and social support services;
- (b) work relief and employment support programme – providing work relief placement (2 670 vacancies were provided in 2013) and assisting participants to obtain long-term employment by providing personalized employment service;
- (c) child development fund account programme – helping children in low-income families accumulate fund for future education and providing education programmes for parents and children;
- (d) job training programme for youngsters – providing job training placement for students aged between 18 and 25 for building their work capabilities; and
- (e) "Holding Hands" programme – recruiting youngsters from low-income families to provide after-school care services for children from other low-income families.

### *Low-cost housing*

2.19 The delegation visited the Yan Ji low-cost housing in Taipei City to better understand the service. The Taipei City Government implemented the low-cost housing scheme in the 1970s with a view to providing low-income families with stable accommodation and assisting them to get out of poverty through case management and social support services. At present, there are four low-cost housing establishments providing service for about 1 448 families. The Yan Ji low-cost housing provides service for 120 families.

2.20 Low-cost housing is provided free or at low cost<sup>4</sup> for low-income

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<sup>4</sup> For example, residents of the Yan Ji low-cost housing with slightly higher income have to pay a monthly maintenance fee at a rate between NT\$155 (HK\$42) to NT\$430 (HK\$116).

families who do not own any property or are not living in public housing, and have three or more family members being provided with counselling services. The waiting time for service ranges from one to three years. The tenancy term is two to three years and may be extended if the residents can meet the eligibility criteria at the end of the term.

2.21 Residents of low-cost housing are also provided with the following social support services to enable them to get out of poverty –

- (a) case management – supporting single-parent families, families with mentally ill members and other high-risk families, and assisting them to access to social welfare services;
- (b) community building – organizing community activities for residents for improving the living environment, strengthening social relation and cohesiveness of the community, and promoting integration with the neighbourhood; and
- (c) training – providing personal growth and vocational training for residents to promote positive life attitude and strengthen their skills level.

2.22 According to the Taipei City Government, residents of the Yan Ji low-cost housing have a high success rate of getting out of poverty as the establishment is adjacent to a high-class residential area which provides job opportunities for the residents.



Visit to the community centre of the Yan Ji low-cost housing to understand more about the daily life of the residents

## Strategies to promote employment

2.23 The Bureau of Employment and Vocational Training ("BEVT") under CLA of the Executive Yuan is responsible for formulating and implementing strategies to develop the workforce through training, promote employment, and protect employment of the disadvantaged such as persons with physical or mental disabilities, the middle-aged and the elderly. The delegation met with officials of BEVT to understand the strategies and measures implemented for promoting employment among low-income and medium- to low-income families in Taiwan.



Visit to the Bureau of Employment and Vocational Training of the Council of Labour Affairs under the Executive Yuan

### *Employment promotion plan for low-income and medium- to low-income families*

2.24 According to BEVT, promoting employment is one of the major strategies to assist the disadvantaged to get out of poverty. BEVT introduced the "2011 to 2016 Employment Promotion Plan for Low-income and Medium- to Low-income Families" in 2011 to support the government in addressing the poverty issue. The targets of the Plan are unemployed members in low-income and medium- to low-income families (mainly public

assistance recipients) who have intention and capability to work. Measures introduced under the Plan include –

- (a) vocational training – subsidizing the unemployed in full to participate in vocational training and providing living subsidies for those participating in full-time training at an amount of 60% of the minimum wage<sup>5</sup> (i.e. NT\$11,428 (HK\$3,074)) per month for a maximum period of six months; and subsidizing eligible working individuals in full to participate in training to enhance their skills level at a maximum amount of NT\$70,000 (HK\$18,830) in three years;
- (b) skills certification – subsidizing job seekers to participate in skills tests and obtain certification for a maximum of three times;
- (c) job creation programmes – subsidizing social and economic development plans of government departments, regional governments and not-for-profit organizations that create new jobs for the disadvantaged;
- (d) case management and personalized employment services – assisting job seekers to improve their work attitude and capabilities, attain employment and adapt to the work environment;
- (e) business start-up loan – offering free seminars and consultations, and low-interest loan (interest-free for the first two years) to females aged between 20 and 65 or persons aged between 45 and 65 for starting up small businesses, the maximum loan amount is NT\$1 million (HK\$269,000); and
- (f) providing job seekers with job training opportunities and training allowance, temporary jobs in government departments and not-for-profit organizations, allowance for engaging in industries that are in short of labour and transport subsidy for attending job interviews; and subsidizing employers to employ disadvantaged job seekers.

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<sup>5</sup> In 2013, the monthly minimum wage in Taiwan was NT\$19,047 (HK\$5,124) per month.

2.25 BEVT has advised that the measures and services implemented by the Bureau are financed by government funding, premium from the Employment Insurance Scheme<sup>6</sup>, and the Employment Stabilization Fund which is made up of levy collected from employers that import labour. Between July 2011 and June 2013, BEVT provided personalized employment services to 18 320 individuals. It also handled 39 110 cases of skills certification, 1 911 cases of vocational training, and 827 cases of job placement in government departments and not-for-profit organizations.

*Employment promotion measures implemented by Taipei City Government and New Taipei City Government*

2.26 The delegation met with officials of the Department of Labour of the Taipei City Government, and the Employment Service Centre under the Labour Affairs Department of the New Taipei City Government to understand the employment promotion measures adopted at the municipal level.



Meeting with officials of the Labour Affairs Department of New Taipei City Government

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<sup>6</sup> The Employment Insurance Scheme was implemented in 2003 to provide basic living support for workers and their dependents during periods of unemployment and improve the ability of workers to find employment.

2.27 Most of the employment promotion measures adopted by the Taipei City Government and the New Taipei City Government for low-income families are in line with those devised by BEVT under the "2011 to 2016 Employment Promotion Plan for Low-income and Medium- to Low-income Families". In addition, the delegation notes that the New Taipei City Government has introduced specific measures to address high unemployment rate among young adults which is about three times the unemployment rate of the total population (i.e. 4.2% in July 2013). These specific measures include –

- (a) organizing seminars for high school and university graduates on career planning, job interview skills and job search resources;
- (b) organizing job fairs at university campuses;
- (c) providing short-term job placements in municipal government departments for young adults to develop their work skills and attitude; and
- (d) subsidizing unemployed young adults to participate in vocational training at a maximum amount of NT\$120,000 (HK\$32,280) in two years.

#### Strategies to increase education opportunities

2.28 At the meeting with the Convenor of the Social Welfare and Environmental Hygiene Committee of the Legislative Yuan, the delegation was advised that in addition to receiving education subsidies under the Public Assistance System, university students from low-income and medium- to low-income families could apply for low-interest education loans to finance their education. The education loans are provided by banks and are guaranteed by the government.

#### **Poverty alleviation strategies for low-income families and working poor in Japan**

2.29 In Japan, the delegation met with officials of the Ministry of Health, Labour and Welfare ("MHLW") and the Tokyo Metropolitan Government ("TMG"), and the Senior Director of the Health, Labour and Welfare Committee of the House of Representatives of the National Diet. The

delegation received detailed presentations on policy and measures to alleviate poverty among low-income families and working poor. The delegation also received a briefing by Professor Masahiro YAMADA of the Chuo University on poverty and employment problem in Japan.

2.30 In addition, the delegation visited the Children's Home of the Japanese Red Cross Society and two facilities entrusted by TMG to provide assistance to the needy, i.e. Hamakawasou and Shinagawaryou, to understand the services provided for the low-income group and the homeless.

#### Overview of poverty alleviation policy

2.31 The delegation met with Professor Masahiro YAMADA of the Chua University to understand the poverty and employment issues in Japan. According to Professor YAMADA, the issue of poverty had emerged in the late 1990s when downturn of the Japanese economy led corporations to employ a higher proportion of non-permanent or part-time employees to cut costs<sup>7</sup>. These employees were employed on less favourable terms and conditions than those of permanent staff and were at risk of getting into poverty. Professor YAMADA pointed out that unstable employment conditions had led many low-income young working adults to live with their parents and stay unmarried. This population group would be at risk of poverty when their parents could no longer provide for their livelihoods.

2.32 The Japanese government has implemented the Social Security System in the 1950s aiming at protecting the general population from poverty and supporting those who are in poverty. The scope of the Social Security System includes public assistance, employment insurance, public pensions, health insurance and long-term care insurance. In addition, the local governments have implemented poverty alleviation measures for specific disadvantaged groups at the prefectural level. According to Professor YAMADA, the Social Security System of Japan has been functioning well before the economic crisis in the 1990s. However, changes in the socio-economic situations in Japan, such as the growth in proportion of non-permanent or part-time employees, have posed challenge to the system.

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<sup>7</sup> The proportion of non-permanent employees in the workforce had increased from 8.7% in 1990 to 20.9% in 2012 for male employees, and from 37.9% in 1990 to 56.4% in 2012 for female employees.



Briefing by Professor Masahiro YAMADA of Chuo University  
on poverty and employment problem in Japan

### Measurement of poverty

2.33 The delegation met with the Honourable Yasufumi TANAHASHI, Senior Director of the Health, Labour and Welfare Committee of the House of Representatives and exchanged views on poverty issues in Japan. The delegation was advised that Japan had followed the Organisation for Economic Co-operation and Development in adopting the concept of relative poverty in measuring poverty and using 50% of the median monthly household disposable income as the poverty threshold. According to the latest measurement, 16% of the population in Japan was in poverty.

2.34 The Honourable Yasufumi TANAHASHI also advised that working people with annual household income of less than ¥2 million (HK\$149,800)<sup>8</sup> were generally regarded as working poor. In 2011, the number of working poor in Japan was around 10.7 million.

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<sup>8</sup> The exchange rate in December 2013 was ¥1 = HK\$0.0749.



Meeting with the Honourable Yasufumi TANAHASHI,  
Senior Director of the Health, Labour and Welfare Committee  
of the House of Representatives

2.35 The delegation met with officials of TMG to study the strategies and measures implemented for alleviating poverty among low-income families and working poor in the prefecture.



Briefing by Tokyo Metropolitan Government on  
the assistance it provides for the low-income group and jobless

## Public Assistance System

2.36 The Public Assistance System, the social safety net of last resort, is implemented according to the *Revised Public Assistance Act (New)* to provide a minimum level of financial assistance, services or other support for the needy citizens and promote their self-reliance. The major categories of recipients are elderly households, households with sick or disabled persons, and single-mother households. The system is financed by funding of the state government (75%) and the local governments (25%).

### *Categories of assistance*

2.37 The System provides eight categories of assistance to the needy, namely livelihood assistance, education assistance, housing assistance, medical assistance, long-term care assistance, maternity assistance, occupational assistance and funeral assistance. Except for medical assistance and long-term care assistance which are provided in kind, the other assistances are provided in cash.

2.38 The amount of assistance to be provided is the difference between the income of the recipient family (including income from employment, assets, social security cash benefits, and support of other family members or relatives) and the minimum cost of living which is determined by MHLW. The minimum cost of living is determined taking into account major categories of expenses such as livelihood, housing, education, medical and long-term care expenses; number and age of members in the families; and differences in living costs among families living in different regions. In Tokyo, the standard amount of assistance provided for a three-person family in 2013 was about ¥236,610 (HK\$17,722). The standard amount of assistance provided for a single-mother family with one child and a singleton elderly family was ¥216,660 (HK\$16,228) and ¥133,840 (HK\$10,025) respectively.

2.39 Under the Public Assistance System, the government has also established protection facilities such as rehabilitation, medical care and residential care facilities to provide support services for needy public assistance recipients such as those with physical or mental disabilities. As at April 2013, there were about 27 protection facilities in Tokyo.

2.40 As at January 2013, there were 1.57 million public assistance recipient families (or 2.15 million individual recipients) in Japan. The corresponding figures in Tokyo were 221 902 recipient families (or 290 610 individual recipients). The protection rates in Japan in total and Tokyo were 16.9 per 1 000 persons and 22.0 per 1 000 persons respectively.

#### *Review of the Public Assistance System*

2.41 According to TMG, the state government has reviewed the Public Assistance System in 2012 and has considered tightening the eligibility criteria for medical assistance which accounted for about 50% of the expenditure on the System. The state government has also considered introducing reform to promote self-reliance of the young adult recipients.

#### *Hamakawasou*

2.42 The delegation visited Hamakawasou, a rehabilitation facility operated by the not-for-profit organization Shakaifukushi Yurin in Shinagawa-ku in Tokyo<sup>9</sup>. The facility provides living support services for needy single males who have physical or mental disabilities to enable them to live independently and with dignity.

2.43 Hamakawasou has a capacity of 120 persons and is supported by 14 staff. The services provided by the facility include: accommodation, meals and daily necessities, living and health guidance, counselling, rehabilitation or therapeutic activities, social activities, employment services and post-release follow-up services.



Visit to Hamakawasou, a facility for low-income group in Tokyo

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<sup>9</sup> In Tokyo, there are 11 rehabilitation facilities of which eight are for males and three are for females. The facilities are operated by the special ward governments or not-for-profit organizations.

*Children's Home of the Japanese Red Cross Society*

2.44 The delegation visited the Children's Home of the Japanese Red Cross Society to understand the services provided for the disadvantaged children. The Children's Home is an affiliated facility of the Red Cross Medical Centre providing nursing and medical care to children under two years old who are victims of child abuse or cannot be taken care of by parents who have health or other problems. The facility aims to protect the best interests of the children and enable them to grow healthily.

2.45 The operating costs of the Children's Home are subsidized by the state and local governments. The services are provided free or at a subsidized rate to users depending on their income level. The facility has around 70 places and is supported by about 50 staff. The delegation was advised that 60% to 65% of the children would return to their own families after being released from the facility. Some children might be transferred to other protection facilities in case they still required care after being released from the facility.



Briefing on the operation of the Children's Home  
of the Japanese Red Cross Society

Living Welfare Fund Loan System

2.46 The Living Welfare Fund Loan System is implemented at the prefectural level to provide low-income families and families with elderly or

disabled members with low-interest or interest-free loans to secure a stable living and promote their financial independence. The major categories of loan fund provided for the needy families include: welfare funds for supporting the living, training, home moving and renovation, long-term care and other emergency expenses of the families; and education support funds for supporting high school and university education expenses and school admission fees of children from the needy families. The loan repayment periods range from three to 14 years depending on the categories of loan fund.

#### Support programme for the unemployed and low-income workers

2.47 TMG introduced a three-year support programme in 2008 to assist the unemployed and low-income workers and updated the programme in 2011. TMG advised that there had been a growing number of young homeless unemployed or low-income persons spending their nights at internet or comic cafés located near main railway stations in recent years. TMG has established the Tokyo Challenge Net which is a network of service points providing the following living support services for these needy persons –

- (a) providing consultation to help resolve issues related to daily living, healthcare and debt;
- (b) conducting outreach visits to provide information on available services and on-site consultation;
- (c) providing temporary accommodation, and information and support on renting houses;
- (d) offering interest-free loans at maximum amounts of ¥400,000 (HK\$29,960) and ¥200,000 (HK\$14,980) to cover housing and living expenses respectively;
- (e) referring unemployed or low-income persons to the public employment security offices which provide employment consultation and job referral services; and
- (f) assisting unemployed or low-income persons who are interested in long-term care jobs to acquire nursing care qualifications and offering job referrals.

### Self-reliance support system for the homeless

2.48 TMG and the special ward governments have set up five self-reliance support centres in Tokyo providing the following services for the homeless –

- (a) patrolling areas where the homeless usually live to offer consultation and introduce support services provided by the centres;
- (b) providing temporary shelters for two weeks, health checkup, service need assessment and daily life guidance;
- (c) offering accommodation for six months, employment and living support services for homeless persons who are assessed to have capability and intention to work, and referring the others to other relevant welfare or protection facilities;
- (d) providing private rental housing at affordable cost for residents who are released from the centres and assist them to live independently; and
- (e) providing continuous support for released residents in the 12 months after they have left the centres to prevent them from becoming homeless again.

2.49 TMG advised that there were 1 200 listed homeless persons in the 23 special wards of Tokyo in 2012, down from 5 600 in 2001. However, the proportion of homeless persons aged 40 and below had increased from 31% in 2001 to 62% in 2012. Between November 2000 and May 2013, 15 376 homeless persons received accommodation and living support services from the self-reliance support centres. The self-reliance rate of residents of these centres (i.e. proportion of residents who could find a job and a home after being released from the centres) was 49%.

#### *Shinagawaryou*

2.50 The delegation visited Shinagawaryou, a self-reliance support centre in Tokyo, to understand the support services provided for the homeless. TMG and the special ward governments entrusted the Shakaifukushi Yurin to set up Shinagawaryou in Shinagawa-ku in Tokyo in 2009. Similar to other self-reliance support centres in Tokyo, Shinagawaryou provides 25 places of temporary shelter, 45 places of accommodation and 50 places of rented

private accommodation for the homeless. The centre is supported by 38 staff.

2.51 Between April 2012 and March 2013, Shinagawaryou provided accommodation and living support services for 223 homeless persons. The average age of these residents was 43. Among the 200 residents who were released from the centre, 43% became self-reliant by finding a job and a home.

## **Chapter 3 – Poverty alleviation strategies for the poor elderly**

### **Poverty alleviation strategies for the poor elderly in Taiwan**

3.1 MHW and the Department of Social Welfare of the Taipei City Government have provided information to the delegation on the poverty alleviation strategies for the poor elderly. The delegation also visited the Yi-An Senior Day Care Centre in New Taipei City to understand the services provided for the poor elderly.

3.2 According to MHW, the proportion of people aged 65 and above in Taiwan would increase from 11.3% (2.64 million persons) in 2013 to 14% (about 3.4 million persons) in 2018. It would further increase to 20% (about 4.7 million persons) in 2025. MHW has drawn up strategies to address the issues of financial security, health maintenance and care services for the poor elderly.

#### Financial security

3.3 The government has introduced the following measures to protect the financial security of the poor elderly –

- (a) providing a "Living Allowance for Medium- and Low-Income Elderly" at an amount of NT\$3,600 (HK\$968) per month for the elderly from families whose average monthly income per person is between 1.5 times and 2.5 times of the lowest living cost, or NT\$7,200 (HK\$1,937) per month for the elderly from families whose average monthly income per person is below 1.5 times of the lowest living cost;
- (b) offering a "Special Care Allowance for Medium- and Low-Income Elderly" at an amount of NT\$5,000 (HK\$1,345) per month for existing recipients of "Living Allowance for Medium- and Low-Income Elderly" that require special care but are not receiving any subsidized special care services such as residential care and home care services;
- (c) providing a non-contributory means-tested basic pension of NT\$3,500 (HK\$942) per month under the National Pension Programme which was introduced in 2008 to provide economic

security and stable living for citizens who cannot receive proper protection under other social insurance schemes such as the mandatory Labour Insurance Scheme and Labour Pension Programme<sup>10</sup>; and

- (d) piloting a reverse mortgage scheme for low-income elderly with property with a view to providing them with an alternative source of stable income.

3.4 As at June 2013, 119 619 elderly persons (4.5% of the total population aged 65 and above) received the "Living Allowance for Medium- and Low-Income Elderly". Among these elderly, 4 545 persons received the "Special Care Allowance for Medium- and Low-Income Elderly". The government also provided basic pension for 782 319 elderly persons (29.6% of the total population aged 65 and above).

#### Health maintenance

3.5 With regard to promoting health maintenance of the medium- and low-income elderly, the government has introduced the following measures –

- (a) providing subsidy for medium- and low-income elderly aged 70 and above to cover in full the premium of the National Health Insurance Scheme under the "Plan to Subsidize Premium Payment for the National Health Insurance Scheme for the Elderly";
- (b) offering subsidy to medium- and low-income elderly aged 65 and above to install dentures at a maximum amount of NT\$40,000 (HK\$10,760) under the "Plan to Subsidize Medium- and Low-Income Elderly to Install Dentures"; and
- (c) subsidizing the nursing charges of elderly residents in government subsidized long-term care homes at a maximum amount of NT\$1,800 (HK\$484) per day or NT\$216,000 (HK\$58,104) per year.

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<sup>10</sup> Recipients of "Living Allowance for Medium- and Low-Income Elderly" are not eligible to receive the basic pension.

## Elderly care services

### *Development of long-term care system*

3.6 In view of the aging trend of the population and growing demand for long-term care services, the government introduced the ten-year (2007-2017) long-term care plan in 2007 with the objective to enhance the long-term care system in Taiwan. The Plan focuses on the development of in-home or community-based services, institutional services, and a community care service network. The system targets at elderly persons aged 65 and above, indigenous people aged 55 and above, persons with physical or mental disabilities aged 50 and above, and singleton elderly who lose their abilities to live independently.

3.7 Under the long-term care system, the government will subsidize the service usage expenses of users according to their degree of incapacity and income level. The government will subsidize 100% and 90% of the service usage expenses of users from low-income families and medium- to low-income families respectively. For other service users, the government will subsidize 70% of their service usage expenses.

3.8 In-home or community-based services provided under the long-term care system includes meal, home-care, home rehabilitation and home nursing services; day care services; respite care services and transportation services. For institutional services, there were 1 033 nursing and long-term care institutions in Taiwan as at May 2013, providing 57 168 beds. The occupancy rate was 74.6%. A network of 1 820 community service spots has also been set up by the local communities, which engages volunteers to provide community-based services such as home visits, phone calls, meal services and health promotion activities for the needy elderly.

### *Care services for singleton elderly*

3.9 According to MHW, there were 48 135 listed singleton elderly in Taiwan in 2012. The government supports these elderly by providing community-based services such as outreach visits, meal services and home-care services, and subsidizing them to install emergency alarm system.

### *Care services for the elderly with dementia*

3.10 The government has also developed services for supporting the elderly with dementia. These services include the operation of a helpline to

provide information related to dementia, provision of community-based care services such as home-care and day care services, and public education on providing care for the elderly with dementia.

3.11 The delegation has visited the Yi-An Senior Day Care Centre in New Taipei City to understand the day care services provided for the elderly with dementia. At present, there are seven day care centres in New Taipei City providing 189 places for the needy elderly, including the elderly with dementia. The municipal government entrusted the not-for-profit organization "財團法人台灣省私立健順養護中心" to set up the Yi-An Senior Day Care Centre in 2005 for providing day care services for the elderly with dementia. The services provided by the Centre include rehabilitation activities, social activities, nursery care, living support and transportation services. The Centre also provides carer support services, home visits to users and services to promote elderly health. As at July 2013, the Centre provided services for 38 users.



Visit to the Yi-An Senior Day Care Centre in New Taipei City

### **Poverty alleviation strategies for the poor elderly in Japan**

3.12 The delegation met with officials of MHLW and received detailed presentation on policy and measures to alleviate poverty among the poor elderly. The delegation also visited the Independency Support Centre Furusatonokai NPO to understand the services provided for the poor elderly in Tokyo.

3.13 According to MHLW, there were 29.5 million elderly people (i.e. people aged 65 and above) in Japan in 2010, accounting for 23% of the total population. The proportion of elderly population was estimated to increase to 31.6% (or 36.9 million people) in 2030 and 39.9% (or 34.6 million people) in 2060.

3.14 In 2011, the median annual household income of elderly households in Japan was ¥2.46 million (HK\$240,588) and the corresponding figure for all households was ¥4.32 million (HK\$422,496). MHLW has advised that the elderly in Japan has a high property ownership rate due to the policy of the government to encourage home purchase among residents. According to a survey in 2008, 83.4% of the elderly households in Japan lived in their own property. The corresponding figure for singleton elderly households was 64.8% and that for all households was 61.1%.

3.15 At present, the livelihood of the poor elderly in Japan is protected under the Public Pension System, the Health Insurance System, the Long-term Care Insurance System and the Public Assistance System which are core components of the Social Security System in Japan. However, MHLW has indicated that increase in the elderly population would pose challenge to the Social Security System.



Briefing on the elderly policy of Japan by  
the Ministry of Health, Labour and Welfare

## Public Pension System

3.16 The Public Pension System in Japan comprises two tiers of mandatory schemes, i.e. the first tier National Pension Scheme and the second tier Employees' Pension Insurance Scheme and the Mutual Aid Association Pension Scheme<sup>11</sup>. As at March 2012, the public pension schemes covered 67.8 million insured persons (i.e. persons who were making contributions to the schemes) and provided pension benefits to 38.7 million persons.

3.17 According to MHLW, public pension payments are important income sources for the elderly households in Japan. In 2012, around 69% of the average annual income of the elderly households was from public pension payments. In addition, 56.8% of the elderly households were dependent on public pension payments as the only source of income.

### *National Pension Scheme*

3.18 The National Pension Scheme is a universal pension scheme aiming at providing basic retirement protection for all Japanese residents when they reach the age of 65. The existing Scheme was implemented in 1985 based on reform of the original Scheme introduced in 1961. The Scheme is financed by premiums paid by the insured, i.e. all residents aged above 20 (contributing 50% of funding) and government funding (contributing the other 50% of funding). The insured under the Scheme are grouped into the following three categories according to their occupations and are required to pay different levels of premium for the Scheme –

- (a) Category I insured persons (19.04 million persons as at March 2012) – covering self-employed persons, students and their spouses who are required to pay a monthly premium of ¥15,040 (HK\$1,127) between the age of 20 and 59;
- (b) Category II insured persons (38.92 million persons as at March 2012) – covering employees in the private and public sectors who are also covered under the second tier earnings-related public pension schemes and are required to contribute 16.8% of their monthly income (equally shared between the insured and their employers) as premiums for all public pension schemes as a whole; and

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<sup>11</sup> There is a third tier of optional pension schemes which is available to self-employed persons or employees of private companies.

- (c) Category III insured persons (9.78 million persons as at March 2012) – covering Category II insured persons' dependent spouses whose premium contributions are borne by their working spouses.

3.19 Categories of benefit paid out under the National Pension Scheme include old-age basic pension, disability basic pension and survivors' basic pension. Old-age basic pension is paid out to the insured after they have reached 65 years old and paid premiums for at least 25 years. The amount of pension payment is dependent on the number of years of premium contribution. Full old-age basic pension at an amount of ¥66,000 (HK\$4,943) per month is paid out to those elderly who have paid premiums for 40 years. The average old-age basic pension paid out is ¥55,000 (HK\$4,120) per month.

3.20 Low-income families or individuals can apply for exemption to pay all or part of the premiums for the National Pension Scheme depending on their income levels. Public assistance recipients and disability pension recipients are exempted from making any premium contribution under the Scheme. Insured persons who are exempted full premium contribution may receive 50% of the full old-age basic pension (i.e. ¥33,000 (HK\$2,472) per month), while insured persons who are exempted 50% of the premium contribution may receive 75% of the full old-age basic pension (i.e. ¥49,500 (HK\$3,708) per month) after they have reached 65 years old.

3.21 In order to ease the financial constraint of those elderly who receive a small amount of pension and those who are receiving disability pension, MHLW has planned to provide these persons with a living subsidy at an amount of ¥5,000 (HK\$375) per month from 2015. The target number of recipients under this measure is 8 million. In order to assist the elderly who are not eligible to receive old-age basic pension due to a short period of premium payment, MHLW has planned to relax the eligibility criterion for payment from 25 years of premium payment to 10 years. The monthly old-age basic pension for these recipients will be ¥15,000 (HK\$1,124). According to MHLW, the government has planned to finance these poverty alleviation measures by increasing the national sales tax<sup>12</sup>.

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<sup>12</sup> The Japanese government announced in October 2013 that it would increase the national sales tax from 5% to 8% from April 2014.

### *Employees' Pension Insurance Scheme and Mutual Aid Association Pension Scheme*

3.22 The Employees' Pension Insurance Scheme and the Mutual Aid Association Pension Scheme are mandatory earnings-related pension schemes covering employees in the private and the public sectors respectively. These schemes provide earnings-related pension in addition to the old-age basic pension provided under the National Pension Scheme and are financed by premiums paid by the insured.

3.23 The existing premium rate is 16.8% of the income of the insured (equally shared between the insured and their employers) for covering the premiums of both the National Pension Scheme and the earnings-related pension scheme. MHLW advised that the two earnings-related pension schemes would be merged in 2015 and the premium rate would be gradually increased to 18.3% by 2017. Retired employees at the age of 65 and above will receive a pension of around ¥152,000 (HK\$11,385) per month, including the old-age basic pension from the National Pension Scheme and the pension payments from the earnings-related scheme.

### Public Assistance System

3.24 According to MHLW, the elderly who are not eligible to receive pensions or are receiving a small amount of pension will be supported by the Public Assistance System. In 2011, 1.04 million public assistance recipients were aged 60 and above, representing 51.1% of all recipients. In 2012, the standard amount of livelihood assistance for the elderly couples ranged from ¥94,500 (HK\$9,195) to ¥121,940 (HK\$11,865) per month.

### Health Insurance System

3.25 MHLW advised that healthcare needs of the poor elderly are protected under the Health Insurance System which comprises different insurance schemes targeting at different categories of citizens. The System is financed by government funding and premiums paid by the insured. Retirees and elderly aged 75 and above are covered under the National Health Insurance Scheme and the Long Life Medical Care System respectively<sup>13</sup>. The amount of premiums paid by the insured under these

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<sup>13</sup> The National Insurance Scheme is financed by premiums paid by the insured (50%), funding of the state government (43%) and funding of the prefectural governments (7%). The Long Life Medical Care System is financed by premiums paid by the insured (10% by those aged 75 and above and 40% by those aged below 75), funding of the state government (33%) and the prefectural and municipal governments (17%).

two schemes will vary depending on their income levels but the benefits will be the same for all the insured under different insurance schemes.

3.26 Under the Health Insurance System, the insured have to share part of the medical costs and the level of co-payments for the elderly is generally lower than that of other age groups. The co-payment rate for elderly aged 70 and above is 10% but those with income exceeding a specified level will have to pay 30% of the medical costs. The co-payment rate for patients aged between 65 and 69 is 30% of the medical costs.

3.27 The Health Insurance System has also built in limits on the maximum amount of monthly medical expenses to be borne by the patients. Such limits vary according to the income and age of the patients, and lower limits are set for the low-income individuals, particularly the low-income elderly. For example, the monthly limits for low-income elderly aged 70 and above range from ¥15,000 (HK\$1,124) to ¥24,600 (HK\$1,843).

#### Long-term Care Insurance System

3.28 MHLW established the Long-term Care Insurance System in 2000 with a view to supporting the growing long-term care needs of the elderly. The System is financed by premiums paid by the insured (21% from premiums paid by those aged 65 and above, and 29% from premiums paid by those aged between 40 and 64), and funding of the state government (25%), the prefectural (12.5%) and municipal governments (12.5%).

3.29 The Long-term Care System covers two categories of insured persons, i.e. elderly aged 65 and above (primary insured persons) and persons aged between 40 and 64 (secondary insured persons). The primary insured persons are required to pay a fixed premium per month which is set by the municipal governments according to the income levels of the insured. The low-income elderly such as those public assistance recipients will pay 50% of the standard premium rate. The average premium rate is ¥4,972 (HK\$372) per month. The premium payments of the secondary insured persons are about 1% of their income and are collected together with their health insurance premium payments. The premium rates will vary depending on the particular health insurance schemes.

3.30 As at April 2011, the Long-term Care System covered 29.1 million primary insured persons. Among them, 4.9 million (16.9%) were certified to have long-term care needs. The System also covered 42.6 million secondary insured persons of which 150 000 (0.4%) were certified to have long-term care needs. The insured are provided with benefits according to seven levels of long-term care needs. In-home, community-based and institutional services are provided under the System<sup>14</sup>. While users have to bear 10% of the service costs, they will be paid with high-cost long-term care service benefits to cover the costs in case a large amount of expenses is incurred.

### Sustainability of the Social Security System

3.31 According to MHLW, the Social Security System has been under pressure due to the growth in the elderly population. In the 2012 financial year, social security payments amounted to ¥110 trillion (HK\$10.7 trillion), representing 22.8% of the Gross Domestic Product ("GDP") of Japan. Among the total social security payments, 49.1% was pension payments, 32.1% was medical insurance payments, 7.7% was long-term care insurance payments and 11.1% was other social security payments. MHLW estimated that total social security payments would increase to ¥148.9 trillion (HK\$11.2 trillion) in the 2025 financial year, representing 24.4% of GDP.

3.32 With regard to financing of the social security payments, MHLW advised that 60.1% of the payments in the 2012 financial year were financed by the premiums collected from the insured and their employers, 29.1% by the general revenue of the state government and 10.8% by the general revenue of the prefectural and municipal governments.

3.33 Given the gradual decrease in taxation income in the past 20 years, the state government has been increasing its national debt to finance its expenditure, of which an increasing proportion was spent on social security payments. According to MHLW, expenditure on social security payments accounted for 29.2% of the total expenditure of the state government in the 2012 financial year, up from 16.6% in the 1990 financial year. To enhance sustainability of the Social Security System, the state government has

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<sup>14</sup> The seven levels of long-term care needs are "Support Levels One & Two" and "Care Levels One to Five". Persons classified in "Support Levels One & Two" are at risk of having long-term care needs and mainly require daily living support services such as outpatient services, home visits or community-based preventive services. Persons classified in "Care Levels One to Five" are bedridden or demented persons requiring long-term care services. They are provided with institutional, community-based or in-home long-term care services.

planned to increase the national sales tax to finance the growth in social security expenditure.

Support services provided by not-for-profit organization for the needy elderly

3.34 The delegation visited the Independency Support Centre Furusatonokai NPO ("the Independency Support Centre") to understand the support services provided by not-for-profit organization for the needy elderly. The Independency Support Centre was established in 1990 and obtained the status as a not-for-profit organization in 1999. It operates 33 social welfare facilities in five special wards in Tokyo to assist the homeless and the needy people, including the needy elderly. The services provided for the needy elderly include accommodation, living support and community-based support services.

3.35 The Independency Support Centre has developed a rental housing scheme for the poor elderly to enable them to live in their familiar communities at affordable rent. According to the Independency Support Centre, TMG has been considering adopting such a housing scheme for providing rental housing for the poor elderly in Tokyo.



Visit to the Independency Support Centre Furusatonokai

3.36 Under the scheme, the Independency Support Centre will liaise with the elderly persons who own vacant properties in some aging communities and may help them renovate the properties for renting to the poor elderly (usually public assistance recipients) in the communities. The Independency Support Centre will be responsible for collecting the rents from the tenants and will recover the renovation costs from the rents collected. The elderly tenants under the scheme will usually use their public assistance payments to cover the rents. The maximum amount of public assistance payments that these needy elderly may receive is around ¥130,000 (HK\$9,737) per month per head.

## **Chapter 4 – Strategies for promoting community economy**

### **Strategies for promoting community economy in Taiwan**

4.1 The visit of the delegation to the Darerhjieh Cultural and Educational Association ("DCEA") and the Community Design Centre was cancelled due to the severe tropical storm, Trami. The findings obtained were based on information provided by DCEA.

4.2 The Darerhjieh District is a rural community in Wujie Town of Yilan County in Taiwan. It has a total area of around 2 sq km and a population of around 8 000. In 1995, representatives of the local community established DCEA to lead the development of community building activities in the District and promote local economic development.

4.3 DCEA has successfully vitalized the local community by developing community building activities that leveraged on the distinctive geographical, industrial and cultural characteristics of the District with educational and cultural conservation elements. These activities include –

- (a) community development and conservation projects such as construction of a new temple, development of historical buildings into cultural museums, and development of recreational facilities;
- (b) cultural activities such as religious ceremonies and cultural festivals; and
- (c) educational activities for promoting local culture.

### **Strategies for promoting community economy in Japan**

4.4 The delegation met with officials of the Ministry of Economy, Trade and Industry ("METI") and received a briefing on the policy on promoting local economic development and boosting employment opportunities of the residents. The delegation also visited the Motosumi-Bremen Street Shopping District to understand how the shopping street helps boost local economy.

## Policy on vitalization of city centres

4.5 According to METI, the state government introduced the policy on vitalization of city centres in 2000 and updated the policy in 2006 with a view to boosting the economic development of city centres which have lost vitality due to aging of the local communities. City centre refers to the area in a city where there is concentration of socio-economic activities and related facilities.

4.6 Under the policy, municipal governments requiring the support of the state government in vitalizing their city centres are required to prepare a development plan based on characteristics of the local economy and needs of the local residents. The development plans are then submitted to the Cabinet Office, which is the authority responsible for co-ordinating the implementation of the policy, for approval. A city centre vitalization council, comprising key stakeholders such as local residents, chambers of commerce, development companies and private businesses, may also be formed under the municipal government concerned to provide advice on formulating and implementing the development plan.

4.7 In assessing the development plans submitted by the municipal governments, the Cabinet Office will consider whether the plans are in line with the state government's policy objectives and whether the plans can contribute to vitalization of the city centers concerned. For development plans that are approved by the Cabinet Office, the responsible government authorities such as METI, the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of Internal Affairs and Communications, will provide support on development of related infrastructure and welfare facilities.

4.8 The state government may also subsidize organizations such as the city centre vitalization councils or town development companies for developing commercial facilities or new businesses under their vitalization plans. The amount of subsidy will be up to half to two-thirds of the costs incurred. For example, the state government had supported businesses that promoted development of local industries and projects for revitalizing historical buildings. In 2013, the state government budgeted ¥1 billion (HK\$79.6 million) for providing the subsidy.

4.9 Between 2006 and 2013, the Cabinet Office had approved 116 city centre vitalization plans. The municipal governments were required to set targets for measuring performance of their development plans. These targets include number of visitors, sales volume of retailers, and utilization of facilities in the vitalized city centres.

4.10 City centres that have successfully been vitalized attract visitors by their distinctive characteristics. For example, the city centre of Iida City of Nagano Prefecture has been developed into a shopping centre of local produce. The number of visitors to the city centre increased by 50% between 2007 and 2009. The city centre of Nagahama City of Shiga Prefecture has transformed itself as a centre for selling glass products and holding glass workshops. In 2013, the number of visitors to the city centre increased by 60% when compared to 2009. The city centre has also attracted 2 million tourists per year since 2009.



Meeting with an official of the Ministry of Economy, Trade and Industry

### Vitalization of the Motosumi-Bremen Street Shopping District

4.11 The delegation visited the Motosumi-Bremen Street Shopping District in Kawasaki City of Kanagawa Prefecture to understand how the shopping street has been vitalized and helped boost local economy.



Briefing on how the Motosumi-Bremen Street Shopping District helps boost local economy

4.12 According to the Association of Business Promotion of the Motosumi-Bremen Street Shopping District ("the Association") which comprises retailers operating in the Shopping District, there are around 17 000 shopping streets in Japan and the business of many of them has declined due to competition from large-scale shopping malls and supermarkets. Nonetheless, the Motosumi-Bremen Street Shopping District has sustained its attraction to shoppers in the region and has become a leading shopping district in Kawasaki City due to the vitalization and promotion efforts of the Association. At present, the Shopping District has 180 shops selling a wide range of products.

4.13 The Association has advised that development of the Shopping District has been financed by monthly membership fees (¥15,000 (HK\$1,124) per member) and income from activities organized by the Association. To

enhance shoppers' interest in the Shopping District, the Association has organized programmes and activities such as shopping festivals, bonus point scheme and performance by the band of the Shopping District. To strengthen relation with the community, the Association has recruited a team of young volunteers to help maintain order of the Shopping District, deliver goods to the elderly and publish newsletters. The Association has also conducted an exchange with the Lloyd Passage Shopping Centre in Bremen of Germany and received valuable inputs for the development of the Shopping District.

4.14 According to the Association, 60% of the retailers in the Shopping District are renting their shop premises. At present, the rent of a 66 sq meter shop is around ¥600,000 (HK\$44,940) per month, up by about 100% since 1990. The Association has indicated that most of these retailers have not encountered any difficulties in renewing their tenancy agreements with the owners of the premises. The tenancy term is usually three years.

## **Chapter 5 – Observations, discussions and conclusion**

5.1 Having received briefings and exchanged views with various government officials and representatives of relevant organizations, and visited a number of social welfare facilities, the delegation has made several observations. Furthermore, the Subcommittee has held discussions in relation to the visit findings.

### **Observations and discussions**

#### Poverty alleviation strategies for low-income families/ working poor

5.2 The delegation is impressed by Taiwan's effort in alleviating poverty. Apart from providing financial assistance to low-income families, Taiwan has also introduced measures to boost capabilities and enhance self-reliance of low-income families. A measure that promotes mutual help among low-income families is the "Holding Hands" programme whereby youngsters from low-income families are recruited to provide after-school care services for children from other low-income families. This measure benefits children of different low-income families.

5.3 The delegation notes that both Taiwan and Japan provide low-income families and working poor with loans. The Taiwan's loan is for starting up business while the Japan's loan is for supporting the living, training, home moving and renovation, long-term care, education and other emergency expenses of low-income families. The delegation, however, is concerned about providing loans for low-income people who may have difficulty in making repayment given their meager income. The delegation considers that it is more appropriate in the Hong Kong context to provide financial assistance to low-income families in the form of cash subsidies.

5.4 The visit findings on the experience of Taiwan and Japan in tackling working poverty and a comparison with Hong Kong have been presented to the Subcommittee in its discussion of the subject. Considering that the current support by the Hong Kong Special Administrative Region Government ("the Government") for low-income working households is inadequate, the Subcommittee requests the Government to alleviate the poverty of these households by providing them with cash subsidies. It calls

on 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.

5.5 The Subcommittee has passed a motion<sup>15</sup>, calling on the Administration to observe the following principles in introducing the low-income family supplement –

- (1) supplement at 100% should be payable on the basis of a household income equivalent to 50% of the median household income in the territory, and progressively reduced with the increase of household income until it reaches 75% of the median household income<sup>16</sup>;
- (2) in addition to the basic supplement, extra support should be given to individual family members in need of support, including school children under the age of 21, people with disabilities, people with chronic illness, elderly people with special needs and school children with learning disorders; and
- (3) the application procedure should be simplified and the asset test should be abolished<sup>16</sup>.

In response to the Subcommittee's requests, the Administration has proposed to introduce a Low-income Working Family Allowance tied to employment and working hours to encourage self-reliance and break the vicious cycle of inter-generational poverty.

### Retirement protection for the poor elderly

5.6 Noting that retirement protection is regarded as a right rather than welfare in Japan, the delegation is impressed by Japan's universal retirement

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<sup>15</sup> The Subcommittee dealt with the motion at its meeting on 22 November 2013. Seven members (including the Chairman who could not vote as he did not have an original vote) were present at that time. The motion was passed with five votes in favour of it and one abstention.

<sup>16</sup> At its meeting on 24 March 2014, the Subcommittee discussed its delegation's draft report on the duty visit. Mr TAM Yiu-chung, Dr Priscilla LEUNG and Mr Frankie YICK had reservations on principle (1) and the part regarding "abolishment of asset test" in principle (3) set out in paragraph 5.5 of the draft. After the meeting, Mr Abraham SHEK and Mr LEUNG Che-cheung expressed to the Secretariat the same reservations as those expressed by the above three Members. After the meeting, Mr CHAN Kin-por expressed to the Secretariat that he was against principle (1) and the part regarding "abolishment of asset test" in principle (3).

protection scheme to which the government, employers and employees are required to contribute. The delegation has been advised that government expenditure on social security payments, including pension payments, has been increasing due to increase in the elderly population in Japan.

5.7 The delegation notes that the Japanese government has decided to increase the national sales tax to, inter alia, provide additional funds for the scheme. The general public in Japan accepts using government revenue to maintain the scheme as they consider that the contributions of the elderly to the society should be duly recognized. The delegation is of the view that in considering retirement protection for the elderly, the Government should follow values of the retirement protection system in Japan which stems from respecting elderly persons.

5.8 The issue of elderly poverty has been discussed by the Subcommittee which has called for the Government to, inter alia, reform the Mandatory Provident Fund system and provide retirement protection for all people in Hong Kong. According to the Administration, the Commission on Poverty ("CoP") has commissioned a consultancy study by a team, with Professor Nelson Chow as the chief consultant, to assess various retirement protection schemes on the basis of the multi-pillar approach advocated by the World Bank and to make recommendations on the way forward. The team will submit a report to CoP before mid-2014. The Government will adopt an open and pragmatic attitude in considering the way forward for retirement protection.

#### Strategies for promoting community economy

5.9 Based on the findings on vitalization of community economy in Japan and Taiwan obtained from the duty visit, the delegation observes the following success factors for community vitalization –

- (a) high involvement of the stakeholders concerned in mapping out and implementing a development plan under guidance of the community leaders;
- (b) building sustainable interest in the community by leveraging on its distinctive geographical, economic and/or cultural characteristics; and

- (c) support of the government in terms of providing financial assistance and support on infrastructural development.

5.10 The issue of alleviating poverty through promoting community economy has been discussed by the Subcommittee. Members suggest that in promoting community economy in Hong Kong, the Government should make reference to strategies adopted in Japan (e.g. the policies on vitalization of city centres and shopping districts introduced by the Japanese government), and the successful example of the Taiwanese government in vitalizing a rural community (i.e. the Darerhjieh District) through developing community building activities. They consider that, like Japan and Taiwan, development of community economy in Hong Kong should be carried out in a holistic manner with the tripartite participation of stakeholders, the business sector and the government. Members share the views of deputations attending the relevant subcommittee meeting that co-operative societies should not be regulated by the Agriculture, Fisheries and Conversation Department. They call on the Administration to review the Co-operative Societies Ordinance (Cap 33) to facilitate the development of co-operative societies, and provide them with more support such as tax exemption. Members suggest that policies in this regard should be formulated. Members also call on the Administration to formulate policies for the development of social enterprises, hawking activities and bazaars.

5.11 According to the Administration, the promotion of local community economy aims to stimulate domestic consumption, create employment opportunities, promote district characteristics and lift community mood. The Administration provides appropriate facilitation and encourages the private sector to plan, invest and operate local community economy initiatives. The Administration is open-minded towards the establishment of bazaars. The relevant government departments will consider proposals to set up bazaars with the support of the District Councils concerned. The Administration has implemented the Enhancing Self-Reliance Through District Partnership Programme, which is a district-based poverty alleviation initiative, to help non-profit-making organizations set up social enterprises, thereby creating employment opportunities.

## **Conclusions**

5.12 The delegation considers the visit useful and enlightening. The visit has deepened the delegation's understanding of the strategies adopted in Taiwan and Japan for helping low-income families and working poor and the poor elderly as well as for developing community economy for poverty

alleviation. The briefings by and exchanges of views with members of the legislatures, government officials and representatives of not-for-profit organizations have provided the delegation with first-hand information on how the Taiwanese and Japanese governments have met the challenges and tackled the poverty problems.

5.13 The delegation appreciates that not all the policies and measures adopted by the two governments in poverty alleviation are readily transferable to Hong Kong because of Hong Kong's different cultures and city characteristics. However, their experience provides useful reference for the Subcommittee in discussing working poverty, elderly poverty and promoting community economy for poverty alleviation. The experience of Taiwan and Japan is certainly valuable and can serve as useful reference for Hong Kong in mapping out poverty alleviation strategies that are most suitable for Hong Kong.

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## **Acronyms and abbreviations**

<b>BEVT</b>	Bureau of Employment and Vocational Training
<b>CLA</b>	Council of Labour Affairs
<b>CoP</b>	Commission on Poverty
<b>DCEA</b>	Darerbjeh Cultural and Educational Association
<b>GDP</b>	Gross Domestic Product
<b>METI</b>	Ministry of Economy, Trade and Industry
<b>MHLW</b>	Ministry of Health, Labour and Welfare
<b>MHW</b>	Ministry of Health and Welfare
<b>the Subcommittee</b>	Subcommittee on Poverty
<b>TMG</b>	Tokyo Metropolitan Government

## Appendix

### Subcommittee on Poverty

#### Programme of the duty visit to Taiwan and Japan from 20 to 29 August 2013

20 August 2013 (Tuesday)	Arrival in Taipei
21 August 2013 (Wednesday)	Meeting with the Ministry of Health and Welfare of Taiwan was rescheduled to 23 August 2013 and visit to the Darerhjieh Cultural and Educational Association and the Community Design Centre was cancelled due to the severe tropical storm, Trami.
22 August 2013 (Thursday)	Meeting with the Bureau of Employment and Vocational Training of the Council of Labour Affairs under the Executive Yuan, Taiwan
	Meeting with the Department of Social Welfare and the Department of Labour of the Taipei City Government
	Visit to Yan Ji low-cost housing in Taipei City
23 August 2013 (Friday)	Visit to the Social Welfare and Environmental Hygiene Committee under the Legislative Yuan, Taiwan
	Meeting with the Labour Affairs Department and the Social Welfare Department of the New Taipei City Government
	Visit to Yi-An Senior Day Care Centre in New Taipei City
	Meeting with the Ministry of Health and Welfare of Taiwan

24 August 2013 (Saturday)	Arrival in Tokyo
26 August 2013 (Monday)	Visit to the Ministry of Health, Labour and Welfare of Japan
	Meeting with the Health, Labour and Welfare Committee of the House of Representatives
	Visit to the Diet buildings
	Briefing by the Ministry of Health, Labour and Welfare on the Pension System in Japan
	Meeting with the Ministry of Economy, Trade and Industry of Japan
27 August 2013 (Tuesday)	Visit to Children's Home of the Japanese Red Cross Society
	Briefing by Professor Masahiro YAMADA of the Chuo University on poverty and employment problem in Japan
	Visit to Motosumi-Bremen Street Shopping District and briefing on how the shopping street helps boost local economy
28 August 2013 (Wednesday)	Meeting with the Tokyo Metropolitan Government
	Visit to Hamakawasou which is a facility for low-income group and Shinagawaryou which is a facility for homeless people
29 August 2013 (Thursday)	Visit to Independency Support Centre Furusatonokai NPO
	Departure from Tokyo for Hong Kong