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**Subcommittee to Study the Subject of Combating Poverty**

**Minutes of meeting**  
**held on Wednesday, 25 January 2006 at 10:00 am**  
**in the Chamber of the Legislative Council Building**

**Members Present** : Hon Frederick FUNG Kin-kee, JP (Chairman)  
Hon James TIEN Pei-chun, GBS, JP (Deputy Chairman)  
Hon Albert HO Chun-yan  
Hon LEE Cheuk-yan  
Hon Margaret NG  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon CHAN Yuen-han, JP  
Hon Emily LAU Wai-hing, JP  
Hon LI Fung-ying, BBS, JP  
Hon Alan LEONG Kah-kit, SC  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon Ronny TONG Ka-wah, SC

**Members absent** : Hon LEUNG Yiu-chung  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, JP  
Hon LEUNG Kwok-hung  
Hon Albert Jinghan CHENG

**Public officers attending** : Mr TANG Ying-yen, Henry, GBS, JP  
Chairman of the Commission on Poverty

Dr CHOI Yuen-wan, Philemon, SBS, JP  
Chairman of the Task Force on Children and Youth  
Commission on Poverty

Dr LAW Chi-kwong, SBS, JP  
Chairman of the Task Force on District-based Approach  
Commission on Poverty

Professor CHEUNG Yan-leung, Stephen  
Member, Commission on Poverty

Professor CHOW Wing-sun, Nelson, SBS, JP  
Member, Commission on Poverty

Mr KWOK Kwok-chuen, BBS, JP  
Government Economist

Mrs Cherry TSE Ling Kit-ching, JP  
Secretary to the Commission on Poverty

**Clerk in attendance** : Mrs Constance LI  
Chief Council Secretary (2)5

**Staff in attendance** : Miss Betty MA  
Senior Council Secretary (2)1

Ms Anna CHEUNG  
Legislative Assistant (2)5

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**I Progress of work of the Commission on Poverty**  
[LC Paper No. CB(2) 903/05-06(01)]

The Chairman welcomed the Financial Secretary, Chairman of the Commission on Poverty (CoP), and members of CoP to the meeting.

2. Chairman/CoP said that it was Government's long established policy to assist the disadvantaged, and the work of CoP had focused on understanding poverty and strengthening efforts in poverty alleviation and prevention. Chairman/CoP further said that in order to reflect the poverty situation in Hong Kong, a set of 24 poverty indicators had been compiled. To strengthen efforts in the major work key areas of CoP, a Task Force on District-based Approach (TFDA) was established to follow up work relating to the district-based approach to alleviate and prevent poverty, and a Task Force on Children and Youth (TFCY) was established to take forward the work relating to reducing the risk of intergenerational poverty. CoP would also study ways to further encourage the development of social enterprises to provide community employment opportunities for the unemployed to move from welfare to self-reliance.

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3. On the resources for poverty alleviation and prevention, Chairman/CoP said that the increasing spending in the welfare sector over the past 10 years reflected the readiness of Government to provide support for the needy in the society. Chairman/CoP further said that \$30 million of the net proceeds from Personalized Vehicle Registration Marks Scheme would be allocated to reinforce the district-based approach to encourage sustainable district initiatives. Chairman/CoP stressed that CoP adopted a pragmatic approach to provide support and assistance to the needy, and to reduce intergenerational poverty in the longer-term. Chairman/CoP added that CoP members would brief members on CoP's work progress in specific areas. He would like to take the opportunity to thank members of CoP for their dedicated efforts in the work of CoP in the past year.

4. Professor Nelson CHOW briefed members on the compilation of a set of 24 poverty indicators by CoP. Professor CHOW advised that currently, there were about 300 000 Comprehensive Social Security Assistance (CSSA) cases with about 550 000 CSSA recipients. However, such statistics did not reflect how many people who were living in poverty but had not applied for CSSA. CoP agreed that, instead of using a single income-based indicator to draw a poverty line, a multi-dimensional approach should be adopted for measuring and sizing the problem of poverty. With the assistance of the Government Economist (GE)'s Office and other relevant bureaux and departments, a set of indicators had been refined and developed.

5. Professor CHOW explained that a group of indicators was proposed for four social groups, viz. children (aged 0 to 14), youth (aged 15 to 24 who were non-working), working people/adults (aged 15 to 59) and older people (aged 60 or above). Under the multi-dimensional approach, poverty indicators relating to earnings and income support, health, education and training, employment, living conditions as well as community and family support were developed to reflect the problem of poverty from different perspectives. For instance, the problem of children aged below 14 living in workless households and those living in households with income below average CSSA payment would be looked at separately. The statistics under the various indicators would reflect the situation of the different social groups.

6. Professor CHOW said that the situation in 2004 was taken as the baseline, and the poverty indicators would be updated periodically. He believed that the set of poverty indicators would enable the public to better understand the extent of poverty in different age groups, and assess the effectiveness of measures in alleviating and preventing poverty.

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7. Professor CHEUNG Yan-leung briefed members on CoP's deliberations of the development of social enterprises in Hong Kong. Professor CHEUNG said that the development of social enterprises sought to enhance the self-image and employability of the disadvantaged and to reduce the problem of intergenerational poverty in the longer term. The strategy was considered feasible as shown from the experience of the "Enhancing Employment of People with Disabilities through Small Enterprise Project". As at June 2005, 396 posts were created (290 disabled and 106 able-bodied) by 31 social enterprises in the Project. Overseas experience, such as the United Kingdom (UK), also reflected the positive contribution of social enterprises to the society. For example, the Sunderland Home Care Associates in the UK was a successful one, which had enhanced employability of women while providing quality community service.

8. On the promotion of social enterprises in Hong Kong, Professor CHEUNG said that consideration would be given to the types of business for development and availability of experienced personnel with business background to operate social enterprises in Hong Kong. As the development of social enterprises in Hong Kong was still relatively new and not widely understood, CoP had held two sessions with some small and medium-sized enterprises (SMEs) to exchange views with them on the development of social enterprises and share successful experience of social enterprises currently operating in Hong Kong. The SME Advisory Committee agreed that the support and funding schemes for SMEs could be extended to social enterprises. They also agreed to extend to social enterprises the SME business-mentoring network to share business skills, and also sit on the relevant advisory committee to assist the setting up and operation of social enterprises. Professor CHEUNG stressed that a critical factor of success was that social entrepreneurs should have a real enterprising spirit and compete with other SMEs on level-playing market conditions, i.e. social enterprises should have long-term financial self-sufficiency.

9. With the aid of powerpoint, Dr CHOI Yuen-wan, Chairman of TFCY briefed members on TFCY's work. Dr CHOI said that the focus of work was to identify gaps in existing Government policies and measures relating to reducing the risk of intergenerational poverty, improving interface of existing programmes in place for children and youth, building up social capital among the younger generation, mobilising community resources and compiling poverty indicators.

10. Dr CHOI pointed out that there were different risk factors for children and youth of different age groups. To reduce the risk of intergenerational poverty, TFCY shared the belief that early identification of risk factors specific to individual children and youth would enable early intervention to prevent them from falling into poverty. For instance, the needs of about 95% of newborn babies and their families could be identified through the Comprehensive Child Development Service provided by the Maternal and Child Health Centres (MCHCs). Outreaching services would be provided as far as practicable to the remaining 5% of newborn babies and their

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families who had not attended MCHCs. Dr CHOI further said that despite the retraining and employment programmes for the youth, the number and duration of youth on CSSA were increasing. TFCY would study developing new programmes targeted at the less motivated youths. In this connection, a “My STEP” pilot programme was designed to induce greater motivation to youths on whom the current employment programmes seemed to have little effect.

11. Dr CHOI said that research studies had showed that there were positive correlation between the socio-economic background of the parents and the outcome of child development, such as employability and social participation of the youth in future. TFCY would consider how to mobilise community resources in building social capital among the younger generation. Two projects, viz. the “Mentorship Fun” Project and the “Adopt-A-School” Project which aimed to build social capital to enable sustained and effective supportive network for tackling intergenerational poverty had been launched.

12. Dr LAW Chi-kwong, Chairman of TFDA, briefed members on the work progress of the Task Force. Dr LAW said that as a district-based approach to alleviate and prevent poverty was adopted by CoP in addressing the key local priorities through energising district networks and focusing resources, district task forces were formed and chaired by District Officers in three pilot districts, namely Yuen Long, Kwun Tong and Sham Shui Po. TFDA was formed to follow up on further work required, and its first meeting was held on 21 January 2006.

13. Dr LAW further said that as the Chairman of CoP had explained earlier, as a start, \$30 million of the net proceeds from Personalised Vehicle Registration Marks Scheme would be allocated to reinforce the district-based approach and to encourage sustainable district initiatives, especially for local employment creation. TFDA would follow up on the funding mechanisms, the vetting mechanism and other relevant arrangements. The scheme would start in three pilot districts (i.e. Yuen Long, Kwun Tong and Sham Shui Po), and would be extended to other districts later. TFDA also agreed that the respective District Offices would be invited to provide necessary support, for example, establishing vetting committees which comprised district personalities, CoP members and experts from the business and professional sectors. As CoP regarded employment as the key to promoting self-reliance, projects with a clear employment focus would be given priority, while those aiming to reduce intergenerational poverty and elderly poverty, which were also priority issues identified by CoP, would be considered favourably. Dr LAW added that TFDA hoped that the funding and vetting mechanism could commence operation by 1 April 2006, and more details on the funding criteria would be available shortly.

14. Dr LAW said that TFDA would also conduct a study on employment services with a view to identifying gaps in existing policies and measures. He expected that the findings would be available in two to three months. TFDA would take into account the best practices in the pilot districts in formulating its way forward.

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15. Dr Fernando CHEUNG thanked members of CoP for attending the meeting. He said that he hoped CoP and the Subcommittee would maintain close communication in future. He further said that the community had high expectations on CoP. While he appreciated that CoP had constraints and limitations in its work, he was disappointed that little progress had been made in the past year in identifying and alleviating poverty.

16. Dr CHEUNG pointed out that the set of poverty indicators developed by CoP did not tell the total size of people living in poverty, and where these people were. He asked whether CoP had conducted a study on the number (and their characteristics and distribution) of people living in poverty, whether there was a deterioration of the problem and the reasons for such phenomenon. He further asked whether CoP had information on those people who lived in poverty but did not apply for CSSA, and what were the measures to assist these people.

17. Dr CHEUNG also commented that while CoP and the Administration had proposed to put forward social partnership and some other programmes to assist children and the youth, he did not see any change at the policy level on reducing or combating poverty. He considered that CoP had the more important mission of introducing and coordinating changes at the policy level, and not only working on individual programmes or projects which could be carried out by non-governmental organisations (NGOs). He was of the view that the problem of poverty in some districts was caused by poor district planning, and the problem could only be redressed by a change in policy rather than by a few programmes. He added that in developing social enterprises, the Administration should provide more flexibility for the formation of cooperatives, and provide more support for the social partnership programmes.

18. Chairman/CoP responded that CoP agreed that it was important to identify the target groups and their needs. However, as people had different understanding on what poverty was, a comprehensive set of 24 poverty indicators was developed to assist the community to understand the progress made in addressing the needs of different target groups. These indicators would also enable tracking of the poverty situation over time, and provide reference in future policy formulation. These indicators could be supplemented by other detailed analyses and district-specific information as and when necessary.

19. Chairman/CoP said that poverty involved very complex issues and it was not appropriate to change existing policies without first understanding and analysing the issues involved. He pointed out that a change in policy would also affect the work being done by NGOs at the moment. He further said that a pragmatic approach had been adopted in addressing the problem of poverty, and pilot projects were being launched in three priority districts, i.e. Yuen Long, Sham Shui Po and Kwun Tong. Some of these projects were carried out by district NGOs. He believed that CoP was working in the right direction in alleviating and preventing poverty.

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20. Dr CHOI Yuen-wan said that CoP also aimed at formulating policy recommendations after identifying the needs of the target groups and assessing the effectiveness of the pilot projects. On the problem of non-engaged youth, Dr CHOI pointed out that despite the various employment programmes put in place, there were some 110 000 non-engaged youths three years ago and 57 000 such youths at present. The size of the non-engaged youth reflected the extent to which the basic education and training programmes had been effective in preparing youths for further study or for work.

21. Dr CHOI further said that according to TFCY's study, many of the non-engaged youths had not completed secondary education and were already on CSSA or categorised as near-CSSA cases. It appeared therefore that the current youth employment programmes might not have met the needs of these youths as they might want to enter the sports and creative industries rather than the mainstream industries. It was therefore necessary to examine the causes of the current problems and identify shortfalls in the current services. A series of tailor-made motivation programmes, post-programme support services and active job placement services targeted at youth were being implemented. The results of these programmes would not only assist the participants to engage in employment or further studies, but would also provide useful information for future policy formulation. He hoped that TFCY would be able to put forward evidence-based recommendations in two years to the relevant policy bureaux.

22. Professor Nelson CHOW supplemented that the various indicators would reflect the size of the various target groups, for example, there were 110 000 and 229 000 persons of age 0 to 14 who were living in workless households and in low-income households respectively, while the corresponding number of youth of age 15 to 29 living in these households was 295 000 and 577 000 respectively. Professor CHOW also cited that 23 000 elderly patients of public hospitals and clinics benefited from the medical fee waiver, and 28 000 elderly persons were living in temporary housing and private shared units. Professor CHOW said that these indicators would facilitate the community to have a better understanding of the problem of poverty in various sectors, and facilitate the formulation of specific and relevant measures to address the needs of different groups of needy people.

23. Professor CHEUNG Yan-leung said that CoP was aware of the problems encountered in implementing social enterprise projects. Many such projects were carried out by NGOs, and they did not have the knowledge and skills on running a business. To provide support for starting and operating social enterprise projects, CoP would enlist the assistance of SMEs who would act as business mentors for the potential entrants of social enterprise projects. As the concept of social partnership or social enterprise was relatively new in Hong Kong, CoP would make reference to the successful experience in overseas countries in launching similar programmes in Hong Kong.

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24. Dr Fernando CHEUNG asked whether CoP had any figure on the number of people who were living in poverty in Hong Kong. Chairman/CoP said that the 24 indicators developed by CoP aimed at measuring the size of different target groups. He cited the following figures in 2004 for members' reference –

- (a) there were 25 000 children aged 0 to 5 living in workless households;
- (b) there were 11 200 non-engaged youth of age between 15 to 24;
- (c) there were 42 500 persons of age 15 to 19 living in workless households;
- (d) the number of persons of age 15 to 19 living in households with an income below the average CSSA payment had decreased from 104 800 in 2002 to 98 000 in 2004.

25. In response to the Chairman, Chairman/CoP advised that the total number of people living in poverty could not be derived simply by adding the numbers under the various indicators, as some of these people might fall under more than one indicator. Dr Fernando CHEUNG expressed disappointment that CoP and the Administration still could not provide the number of people living in poverty.

26. Mr Ronny TONG said that while he appreciated the efforts made by individual members of CoP in combating poverty, he was disappointed that after having established for one year, CoP was still studying the problem of poverty at the conceptual and theoretical level. Mr TONG informed members that he and some academics were conducting a study on the specific needs of youths living in low-income households in the North District, and the findings would be available in the following week. Mr TONG said that preliminary findings of the study showed that the per capita monthly income of working people living in North District was far below the per capita monthly income in Hong Kong (i.e. \$9,500 in Hong Kong Island and \$7,000 in Kowloon). He pointed out that of the working people living in North District, 70% and 50% respectively received a monthly income less than \$4,000 and less than \$3,000. Moreover, 20% of the youths living in North District had been in unemployment for 12 months in the past two years. Mr TONG further said that the major problems for such youths to find employment were high transportation costs, limited industries and lack of large enterprise in the district. Mr TONG urged the Administration to address the specific needs of youths in the North District by –

- (a) establishing a task force to study the specific needs of youths in the district with a view to formulating concrete policy recommendations;
- (b) providing transport subsidies to enable the unemployed youths to seek employment and work across districts; and



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- (c) promoting economic development and introducing new industries in the district in order to create employment opportunities.

27. Chairman/CoP responded that as different districts had their own characteristics and problems, poverty alleviation work should be district-based, with cross-sectoral participation. Chairman/CoP reiterated that additional resources would be provided for carrying out district-based work, and \$30 million of net proceeds from the Personalised Vehicle Registration Marks Scheme was earmarked to fund sustainable district initiatives with a clear employment focus to enhance self-reliance and promote community building. He agreed that the North District would require special attention as it had a relatively higher unemployment rate and lower median monthly income. He pointed out that Tin Shui Wai was one of the three pilot districts. He added that CoP welcomed suggestions on poverty alleviation and prevention work in districts.

28. Ms Emily LAU agreed with Dr Fernando CHEUNG that CoP should let the community know the size of population living in poverty. Ms LAU said that the Hong Kong Council of Social Service (HKCSS) had estimated that there were about 1.3 million people living in poverty in Hong Kong. She asked whether CoP agreed with HKCSS's estimation.

29. Chairman/CoP responded that HKCSS had adopted "half of the median household income" as the benchmark for estimating the size of population living in poverty, while CoP adopted a set of multi-dimensional indicators to measure the size of different target groups in need.

30. GE supplemented that there was no consensus on the definition and measurement of poverty. As Hong Kong was rather affluent and a broad range of social services and support was available for the needy, a multi-dimensional cum life-cycle approach was adopted to identify the different needs of disadvantaged groups in different age groups. This was more meaningful than providing an estimation of people living below a certain income level.

31. Ms Emily LAU asked CoP members about their views on HKCSS's estimation and what specific targets should be set to reduce the number of people living in poverty.

32. Professor Nelson CHOW said that the approach adopted by HKCSS was one of the methods for measuring poverty. If 50% of the median household income was adopted in measuring poverty, it was not surprising to have an estimation of 1.3 million people living in poverty in Hong Kong. Professor CHOW pointed out that even in an affluent society, there would be a sizeable population living below half of the median income. Professor CHOW further said that instead of arguing on the number of poor people in Hong Kong, it was more important to formulate specific and directly relevant policy measures to address the specific needs of the disadvantaged

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groups. For example, under the indicators for older people, there were more than 20 000 elderly persons living in private temporary housing and private shared units, and they required special assistance.

33. Dr LAW Chi-kwong said that he was Vice-chairman of HKCSS. HKCSS had conducted a number of studies on the poverty problem in Hong Kong. According to the findings of HKCSS, there were some 400 000 people living in abject poverty in Hong Kong, and 1.3 million people living in households with an income below the median household income. Dr LAW further said that CoP had made reference to these findings and had detailed discussion on the definitions of poverty. CoP agreed to adopt a multi-dimensional approach to examine the different aspects of poverty in Hong Kong. This would provide a more comprehensive understanding of the problem of poverty.

34. Secretary/CoP added that in drawing up the poverty indicators, GE's Office had discussed with HKCSS which also agreed that compilation of poverty indicators for policy purpose should be multi-dimensional and the set now proposed was a good starting point for studying the problem of poverty.

35. On the poverty alleviation and prevention measures, Ms Emily LAU asked about the progress of small class teaching in schools with a high concentration of disadvantaged students. Ms LAU noted that schools having 40% of Primary One to Primary Three students receiving CSSA or full grant assistance under the student financial assistance scheme were eligible to participate in the scheme. As 29 out of the 75 eligible primary schools had joined the scheme, Ms LAU asked about the number of target students, the assistance for those studying in the remaining 46 schools and the effectiveness of the scheme. Ms LAU further said that CoP should study the size of low-income earners with low education attainment who were affected by Government's decision to reduce the resources for adult education.

36. Secretary/CoP responded that 29 eligible primary schools had, through joining the scheme, obtained additional resources for small class teaching. The scheme defined small class as a class size of 20 to 25 students. To her understanding, the other eligible primary schools had already had classes of that size and hence opted not to join the scheme. As for adult education, Secretary/CoP said that the Employees Retraining Board provided full-time and part-time courses for the unemployed and working people. There were also subsidies under the Continuing Education Fund for working people to further their studies after work. She added that the Education and Manpower Bureau (EMB) was reviewing the policy on adult education.

37. Ms Margaret NG said that the widening gap between the rich and poor could affect social stability and could not be addressed simply by providing more social welfare or employment. As CoP was chaired by the Financial Secretary, and comprised the relevant Bureau Secretaries, it should coordinate the work of different bureaux and departments in alleviating poverty. She considered that CoP should adopt a three-step approach to alleviate and prevent poverty, viz. review its existing

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policies, formulate policy recommendations and take actions to implement the new/revised policies and measures. She stressed that it was more important for CoP to review the existing policies than to carry out individual projects under the district-based approach.

38. Chairman/CoP said that the work agenda of CoP was premised on the policy direction to promote economic growth and create employment opportunities through market force. The objective was to provide individuals with the opportunity to enhance their abilities for upward social mobility, through education as well as training and retraining. The Government would also review how the provision of a social safety net could be further improved. Chairman/CoP further said that as a result of recent economic recovery, an additional 230 000 people were in employment in the past two years. The Government's recurrent expenditure on education had increased despite a deficit budget, e.g. the number of students who attended tertiary education had increased from 120 500 in 2002 to 133 900 in 2005. Chairman/CoP added that CoP would study from a macro perspective the problems faced by those in poverty with a view to taking practical measures to help them. CoP would play a crucial role in coordinating the work of different bureaux and departments to alleviate the problem of poverty.

39. Ms Margaret NG pointed out that CoP was in a more advantageous position as it could request inputs from government bureaux and departments for the purpose of reviewing shortfalls in existing policies and formulating new measures for improvements. Ms NG asked Dr LAW Chi-kwong how this Subcommittee could achieve greater effectiveness in working with CoP in alleviating and preventing poverty. She also asked whether CoP would initiate studies to review existing policies with a view to formulating specific measures to assist the needy.

40. Dr LAW Chi-kwong responded that CoP welcomed the Subcommittee's monitoring and recommendations on the work of combating poverty. Dr LAW added that CoP was proactive in studying the problem of poverty. Dr LAW further said that the various studies conducted by CoP had provided a forum for bureaux and departments concerned to jointly examine the reasons of shortfalls or overlapping in policies/services, and the improvement measures required. Citing the District Study on Employment Assistance commissioned by CoP as an example, Dr LAW pointed that the study provided a useful basis for examining the employment assistance rendered by the Social Welfare Department, Labour Department and Employees Retraining Board from the angle of the unemployed, in particular whether there were overlapping or inadequacies in such services, with a view to making recommendations.

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41. Secretary/CoP supplemented that the report of the District Study on Employment Assistance was based on interviews with relevant government departments, service operators, NGOs, and the unemployed in order to examine the delivery of employment services at the district level (i.e. in Yuen Long, Sham Shui Po and Kwun Tong). The findings and recommendations of the report would be discussed by TFDA at its next meeting. On the coordinating role of CoP, Secretary/CoP said that the recommendations given in the discussion papers was an example of joint efforts made by different bureaux/departments concerned. The sharing session organised by TFCY to examine how to strengthen parenting support to parents from disadvantaged families was another example. As four policy bureaux and their relevant advisory committees were involved, the discussion of the sharing session would provide reference for the respective bureaux in planning their future work. The sharing session had also identified several areas requiring follow-up actions by different bureaux, and CoP would follow up the study on how to ensure that parenting support could reach the high-risk/high-needs group.

*[With the agreement of members, the Chairman extended the meeting by 30 minutes to allow more time for discussion.]*

42. Mr LEE Cheuk-yan expressed disappointment with the responses on the definition of poverty. Mr LEE said that poor households referred to those with a per capita household income less than one-half of the median income. Based on this definition, the number of poor households in Hong Kong was 370 000, and there were 1.28 million people living in poverty. Referring to chart 20 of CoP's paper on indicators of poverty (CoP Paper 26/2005), Mr LEE said that the number of households with an income below the average CSSA payment (with members aged 60 or above excluded) was 273 300 households. If household members aged 60 or above were included in the figure, he believed that the number would be close to the estimation of 1.28 million. Mr LEE further said that the major causes of poor households were unemployment or low income. Some low-income households did not apply for CSSA to avoid being stigmatised, or because they possessed assets slightly above the asset limits for CSSA.

43. Mr LEE Cheuk-yan commented that he did not see CoP had taken any specific actions to assist the working poor. Although the employment programmes could assist the unemployed to find jobs, the problem of poor households remained if the workers received low wages. He considered that the district-based approach could not address the needs of the working poor. In his view, CoP should study the policies rather than implementing sporadic programmes in some districts, as such programmes were not much different from those launched under the Community Investment and Inclusion Fund. He suggested the Administration to introduce minimum wage and make reference to the Tax Credit Scheme in UK in providing financial assistance to low-income households. To provide immediate assistance to the working poor, Mr LEE strongly urged the Administration to provide transport subsidies to the low-income employees living in remote areas, to facilitate them to take up employment across districts.

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44. Chairman/CoP responded that the number of households with income below average CSSA payment had decreased from 316 900 in 2003 to 273 300 in 2004. This showed that the policy to promote growth and create employment opportunities was in the right direction to help those living in poverty to move from welfare to self-reliance. Chairman/CoP said that the subject of working poverty was given priority for study by CoP. As the first step, CoP had studied the extent of poverty faced by the low-income group, and was currently studying support measures and incentives to encourage low-income workers to remain in employment and achieve self-reliance. On the suggestion of transport subsidies, Chairman/CoP said that CoP would further consider various proposals at future meetings.

45. The Chairman said that the Subcommittee had completed its work on the subject of "Working poverty" and would present its report to the House Committee on 10 February 2006. He hoped that the Subcommittee would discuss its report and recommendations with CoP at a future meeting.

46. Mr LEE Cheuk-yan asked about the timetable for CoP to discuss the assistance to low-income workers. Mr LEE stressed that while more employment opportunities were created as a result of economic development, these was still the problem of working poverty if workers received low wages. He commented that the problem could not be solved only by increasing the amount of Disregarded Earnings under the CSSA Scheme, as many low-income workers were not on CSSA.

47. Chairman/CoP agreed that different social groups required different measures and assistance to meet their specific needs. GE supplemented that his Office was conducting further studies on the effect of taxation and other transfer payments on the poverty situation of different groups in the society, and also a survey on earnings mobility. The earnings mobility survey would collect information on people's present and past employment earnings and their socio-economic characteristics during the period from 2000 to 2005, as data had previously been collated for the period from 1991 to 2000. Preliminary findings would likely be ready for CoP's consideration in mid 2006.

48. Miss CHAN Yuen-han was worried that the Administration was over-optimistic about the effectiveness of the measures to alleviate poverty. She pointed out that the General Household Survey conducted by the Census and Statistics Department revealed that there were 372 000 households with an income below \$5,000. Moreover, although some 230 000 new posts had been created, the unemployment rate still stood at 5% and the number of unemployed persons had been reduced only by some 70 000. Miss CHAN said that some low-income workers were unable to take up the newly created posts because they did not have the necessary education or relevant skills. She urged the Administration to adopt a comprehensive approach in addressing the problem of unemployment and low-income workers. She also urged the Administration not to overlook the problem of hidden unemployment, as many people were not counted in the labour force but they were actually unemployed. She

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considered that the Administration should promote new economic activities to address the structural unemployment problem, in order to provide suitable jobs for the low-income and unemployed persons. She also suggested the Administration to assess the impact of its economic policies on SMEs and on the loss of jobs.

49. Secretary/CoP said that CoP would study the poverty problem from a macro perspective, with a view to formulating pragmatic measures to assist different target groups. It was believed that to provide individuals with the opportunity to enhance their abilities for upward social mobility through education and training/retraining was the best way to help the poor to move from welfare to self-reliance.

50. Mr Albert HO shared the concern that the problems of hidden unemployment and working poor were getting more serious. Many employees had a reduction in income although they worked for longer hours, and some became part-time or daily-rated workers. These low-paid workers could not benefit from the recent economic growth, and their wages would remain low if they could not upgrade their skills. Mr HO said that he was concerned about the social mobility problem, as the provision of a social safety could not enhance the development of children and young people receiving CSSA. To enhance social mobility, Mr HO suggested that the Administration should not reduce its subsidies for associate degree courses and adult evening schools. He pointed out that the manpower projection conducted by Government in 2002 revealed that the financing, insurance, real estate and business services sector would have the highest annual growth in manpower requirement between 2001 and 2007. In view of the mismatch between job requirements and the qualifications of workers, the Administration had proposed to introduce various programmes including admission of professionals from other places. However, it seemed that there was a mismatch between the courses provided by local tertiary institutions and the manpower demand, and many graduates still could not find suitable jobs. Mr HO said that the Administration should give more emphasis on education and manpower planning.

51. Dr CHOI Yuen-wan shared Mr HO's concern about the prospects of finding suitable employment and further development of the young population. He considered that the high-skilled and educated would not have much problem, but those who were of middle-age and with low-skills and low educational attainment would have problems. It was difficult for the latter group to shift to high-skill jobs even after attending training and retraining programmes. Dr CHOI agreed that the structural unemployment problem had to be resolved at policy level. However, the experience of the pilot district-based programmes would provide useful data for formulating future policies and measures for tackling the problem.

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52. Secretary/CoP said that CoP had organised projects in building social capital for children and youth. For instance, the “Adopt-A-School” project promoted business engagement in tackling intergenerational poverty through encouraging formation of a growing and longer-term relationship with schools, in particular those with a higher proportion of students from disadvantaged families. The feedback was encouraging. CoP was considering extending the project to other schools. Secretary/CoP further said that issues relating to subsidies for associate degree education had been discussed by CoP at previous meetings. CoP noted that EMB was reviewing the subsidies for associate degree education and adult evening schools. She would convey members’ views to EMB for consideration.

53. The Chairman said that a further meeting would be scheduled to discuss with CoP the Subcommittee’s report on working poverty.

**II. Any other business**

54. The Chairman said that the next meeting of the Subcommittee would be held on 28 February 2006 to start the discussion on the subject of “women in poverty”.

55. There being no other business, the meeting ended at 12:40 pm.

Council Business Division 2  
Legislative Council Secretariat  
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