

The Legislative Council Meeting on 14 November 2012
Motion on “Alleviating poverty”

Progress Report

At the Legislative Council Meeting held on 14 November 2012, the motion on “Alleviating poverty” moved by Hon CHAN Yuen-han and amended by Hon Frederick FUNG, Hon TAM Yiu-chung and Hon Albert HO was carried. The wording of the motion is at Annex. This is a report on the follow-up actions taken by the Administration.

Commission on Poverty

2. Poverty alleviation is a priority of the current term Government. Over the past ten years or so, there has been considerable economic growth and Hong Kong is an affluent society. However, there are still many people from the low-income working class who may not benefit from the economic growth and have to live a hand-to-mouth existence. The poor elderly and disadvantaged groups are having a hard time economically. We must enhance our work on poverty alleviation, while taking into account our economic and social development circumstances when we formulate our welfare policies. As stated by the Chief Executive in his 2013 Policy Address, our aim is to help underprivileged people capable of working by offering them opportunities to become self-reliant and improve their livelihood. Public resources should be devoted to those who cannot provide for themselves. A welfare policy underpinned by heavy taxation is not a viable option, taking into account the economic structure and mode of social development in Hong Kong

3. The focus of the Commission on Poverty (CoP) is to develop poverty alleviation policies. Its work includes reviewing the effectiveness of existing poverty alleviation policies, formulating new policies to prevent and alleviate both poverty and social exclusion, as well as promoting upward social mobility. Task Forces under the CoP will work on different fronts: supporting the underprivileged who have special needs; promoting education, employment and training to encourage self-reliance and better promotion prospects; and engaging the community and fostering cross-sectoral collaboration among the Government, businesses and other sectors.

4. The CoP held its first meeting in December 2012. It has identified the setting of a poverty line in the light of the actual situation of Hong Kong as one of its priorities. The CoP will set a poverty line within this year. The poverty line will serve three functions: quantifying the poverty-stricken population for a focused analysis of the situation of various groups living below the poverty line; thoroughly investigating the causes of poverty and serving as a guiding reference for policy formulation so that our poverty alleviation efforts can be more effective; and assessing the effectiveness of our poverty alleviation policies against changes in the size of the poverty-stricken population.

5. The Subcommittee on Poverty established by the Legislative Council House Committee has held three meetings so far. The Administration has been exchanging views with the Subcommittee on subjects such as the setting of a poverty line and elderly in poverty. After the CoP and its Task Forces have been in operation for some time, the CoP would report progress to the Legislative Council.

Social security and retirement protection

6. The Social Security and Retirement Protection Task Force under the CoP will focus on policy matters related to these two areas.

7. As stated by the Chief Executive in his 2013 Policy Address, we note members of the public have expressed various views on the Comprehensive Social Security Assistance (CSSA) Scheme, such as how to strike a balance between providing a safety net and encouraging people capable of working to join the workforce, the development needs of children in families receiving CSSA, turning the Work Incentive Transport Subsidy Scheme into a subsidy for low-income families, etc. These suggestions involve major policy considerations and may have far-reaching implications for our social security system and public finance. The Social Security and Retirement Protection Task Force under the CoP will study carefully the views from various sectors.

8. Regarding retirement protection, the Government will reinforce and enhance the existing three pillars, namely, the Mandatory Provident Fund system, voluntary private savings and the non-contributory social security system (comprising CSSA, Old Age Allowance (OAA) and Disability Allowance at present). The Social Security and Retirement Protection Task Force will study retirement protection in depth in an open, pragmatic and prudent manner. It will consider all views

objectively and work towards a consensus in the community on how we should take forward retirement protection in Hong Kong.

CSSA payments

9. The CSSA Scheme helps families in financial hardship meet basic needs. The Government adjusts standard payment rates under the CSSA Scheme on an annual basis taking into account changes of the Social Security Assistance Index of Prices (SSAIP), and adjusts the maximum levels of the rent allowance (MRA) annually in accordance with the movement of the Consumer Price Index (A) rent index for private housing. Having regard to the latest movement of the SSAIP, the Government had recently proposed to increase the standard payment rate of CSSA by 4.0% with effect from 1 February 2013. The proposal was approved by the Legislative Council Finance Committee on 14 December 2012. Furthermore, the MRA has also been increased by 7.8% with effect from the same date of 1 February 2013 in accordance with the established mechanism. We will continue to adjust the standard payment rates under the CSSA Scheme and MRA in accordance with existing mechanisms.

“Guangdong Scheme”

10. We now turn to elderly care. As mentioned by the Chief Executive in his Policy Address this year, we would offer elderly people more diversified choices through a wide range of new and flexible modes of subvention and service delivery. There are close ties and unique relationship between Hong Kong and Guangdong (GD). The Government will introduce a new “GD Scheme” under the Social Security Allowance Scheme, which would enable eligible elderly persons of Hong Kong who reside in GD to receive OAA without having to return to Hong Kong every year. The Social Welfare Department (SWD) is taking forward at full steam the preparations for the “GD Scheme”, with a view to launching the Scheme as soon as possible in the second half of 2013. There is no plan to extend the “GD Scheme” to other provinces in China at this stage.

Caring for the persons with disabilities

11. The Administration cares for the needs of persons with disabilities and their carers. At present, the CSSA Scheme provides higher standard rates for persons with disabilities together with a range of

supplements and special grants. These include various services and grants for those requiring special attention in caring services.

Strengthening the community support for persons with severe disabilities

12. We understand that persons with severe physical and/or intellectual disabilities require a higher level of care and support. We are also mindful of the immense pressure faced by their family members and carers. To strengthen the support for this most vulnerable group, the Administration launched a three-year pilot scheme in March 2011 to provide persons with severe disabilities who are living in the community and are on the waiting lists for subvented residential care services with a package of home-based care services.

13. To relieve the stress of their family members and carers, and assist persons with severe disabilities to continue to live in the community, thereby facilitating their full integration into the community, we will regularise the service in March 2014, i.e. following the completion of the three-year pilot scheme, and extend it to all the districts in Hong Kong. We will also extend the coverage of service targets to include persons with severe disabilities who are not on the waiting list for residential care home services.

14. Furthermore, the Community Care Fund (CCF) currently provides a Special Care Subsidy to persons with severe disabilities from low-income families. The CCF launched the programme of Special Subsidy to Persons with Severe Physical Disabilities for Renting Respiratory Support Medical Equipment on 31 January 2013. It provides an extra subsidy to persons with severe physical disabilities, who are living in the community, not receiving CSSA and coming from families with financial difficulties for assisting them in renting respiratory support medical equipment. Meanwhile, SWD and the Hospital Authority are studying the feasibility of introducing a case management-oriented service programme to support persons with severe physical disabilities who are in need of constant nursing care and not receiving CSSA. This programme is designed to enable them to live in the community by relieving their financial burden in terms of medical equipment, consumables and care services.

Employment assistance

15. Young people without working experience, middle-aged

persons with low educational attainment and skills, and persons with disabilities often encounter different degrees of difficulties in looking for or changing jobs. To enhance the employability and employment opportunities of young people, middle-aged persons and persons with disabilities, the Labour Department (LD) will increase the allowance payable to employers under the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme (YPTP&YWETS), the Employment Programme for the Middle-aged (EPM) and the Work Orientation and Placement Scheme (WOPS) so as to encourage employers to offer them more openings and provide them with on-the-job training.

16. LD will increase the amount of on-the-job training allowance under YPTP&YWETS and EPM. On condition that the young person or the middle-aged person is employed according to the programme requirements and paid \$6,000 or above a month, the monthly allowance payable to the employer will be increased from \$2,000 to \$3,000. Moreover, to encourage participation in workplace attachment training under YPTP&YWETS, the monthly allowance payable to the trainee who has completed the one-month attachment will be increased from \$2,000 to \$3,000. LD will also enhance WOPS by paying an additional allowance up to a maximum of \$5,500 per month for two months to an employer who employs a person with disabilities and employment difficulties and provides him/her with training or support during the work adaptation period. It is estimated that around 10 000 people could benefit when the aforementioned enhancement measures of the three employment programmes are implemented.

Support for students and children

17. Depending on the financial situation of the student's family, the Student Travel Subsidy Scheme provides students with full and half level subsidy. Starting from 2011/12 school year, the income ceiling for full level of assistance under the means test mechanism of the Student Financial Assistance Agency has been relaxed so that more eligible students can receive full level subsidy. The total number of students in receipt of travel subsidy in the 2011/12 school year is around 226 000, amongst which some 131 000 are eligible for full level subsidy, constituting 58% of all beneficiaries under the Scheme.

Support for ethnic minorities

18. Since 2009, the Administration has commissioned non-governmental organisations to run four support service centres for ethnic minorities in Wan Chai, Kwun Tong, Tuen Mun and Yuen Long to help them adapt to local life and integrate into the community. These centres provide various tailor-made learning classes, counselling, integration programmes and translation services. To enhance support services for ethnic minorities, the Administration has since December 2012 set up an additional support service centre in Yau Tsim Mong district and one sub-centre each in Sham Shui Po and Tung Chung. Apart from providing services at the premises of the centres, the centres also provide language classes, after school tutorial classes and integration programmes (including computer classes, employment workshops, etc.) in other districts, so as to facilitate ethnic minorities living in different areas to join the programmes.

19. Appointments to the Civil Service are based on open and fair competition. Racial background would not affect the chance of ethnic minorities being considered for appointment. Suitable ethnic minorities have also been engaged to meet operational needs. For example, the Police Force launched, on a trial basis, a scheme to hire Non-ethnic Chinese (NECs) as Police Community Liaison Assistant (PCLA) in five selected Police Districts in September 2010. This scheme was subsequently extended to cover 13 Police Districts in 2011. As at December 2012, a total of 13 NECs have been employed as PCLAs.

20. The Special Needs Group Task Force under the CoP will discuss ways to support ethnic minorities more effectively.

Housing

Increase public rental housing supply

21. According to the latest Public Housing Construction Programme of the Housing Authority, an annual average of about 15 000 new public rental housing (PRH) flats will be completed during the period from 2012/13 to 2016/17. The production of 15 000 new PRH units per year is not a rigid target. The Administration will adjust the production level should additional sites become available. As stated by the Chief Executive in his 2013 Policy Address, the Administration will increase and expedite the supply of subsidised housing. As a production

target, the total supply of PRH will be at least 100 000 units over the five years starting from 2018.

Labour and Welfare Bureau
Civil Service Bureau
Education Bureau
Transport and Housing Bureau
Home Affairs Department

February 2013

(Translation)

**Motion on
“Alleviating poverty”
Moved by Hon CHAN Yuen-han
at the Council meeting of 14 November 2012**

**Motion as amended by Hon Frederick FUNG, Hon TAM Yiu-chung and
Hon Albert HO**

That, the seriously lopsided social and economic policies in the past have led to the worsening of the disparity between the rich and the poor, continuous increase in the population in poverty and aggravation of class conflicts in society; since the 1970s, the Census and Statistics Department has computed the Gini Coefficient based on household incomes, and the latest Gini Coefficient announced in June this year reached 0.537, which hit a new record high in 40 years, indicating a worsening trend in the disparity between the rich and the poor, and reflecting the failure of the Government’s poverty alleviation measures to achieve their effectiveness in the past; while the current-term Government has decided to establish the Commission on Poverty, demonstrating its intention of alleviating the poverty situation in Hong Kong, the authorities must formulate comprehensive and long-term policies to allocate social resources and wealth effectively and narrow the gap between the rich and the poor, and must also conduct studies on opening up new resources for poverty alleviation; in this connection, this Council urges the Government to:

- (a) request the Commission on Poverty to commence work as early as possible and report regularly to the Legislative Council on its work progress;
- (b) expeditiously establish a poverty line, so that the Government and the society may compile statistics on the number of people in poverty and assess the effectiveness of poverty alleviation measures by means of objective and open criteria, and set up an evaluation mechanism to examine the possible impact of all policies and measures of the Government on the disparity between the rich and the poor before their introduction;
- (c) introduce new poverty alleviation measures, including the provision of employment living allowance, to assist the working poor;
- (d) comprehensively review the Comprehensive Social Security Assistance (‘CSSA’) system, including the Social Security Assistance Index of

Prices and the amount of rent allowance, etc., and introduce the concept of a second safety net on top of the CSSA system; and

- (e) improve the economic structure, develop a diversified economy, and improve the tax regime by, for example, exploring the introduction of a capital gains tax, and implementing a progressive profits tax system under which higher rates of tax apply to organizations reaping huge profits, with a view to increasing tax revenue and meeting new expenditure for poverty alleviation;

Employment assistance -

- (f) through the promotion of the local community economy and active support for social enterprises, etc., create more jobs suitable for grassroot workers;
- (g) comprehensively strengthen the in-service training for the middle-aged and the employment training for young people, increase the number of retraining places, and raise the amounts of subsidies for continuing education;
- (h) strengthen the assistance for ethnic minorities in securing employment and resolving their livelihood difficulties, including establishing additional community support service centres for ethnic minorities, reviewing the entry requirement in respect of Chinese language proficiency for civil service posts, and employing more ethnic minorities as civil servants;
- (i) comprehensively strengthen child care and after-school care services, and extend the scope of the plans subsidizing child care services, so as to enable parents of low-income families to go out to work without worries;

Financial assistance -

- (j) improve the existing Old Age Allowance ('OAA') system, including abolishing the existing asset and income test for application for Normal OAA, allowing elderly recipients of Disability Allowance to receive OAA at the same time, and expeditiously implementing the 'Guangdong Scheme' and extending it to Fujian Province;
- (k) extend the service scope of the subsidy for dental services for the elderly programme under the Community Care Fund and relax its eligibility requirements;

- (l) set up a 'subsidy system for carers of persons with disabilities', so as to mitigate the impact on the livelihood of carers due to their inability to go out to work;
- (m) introduce 'healthcare vouchers for children', so as to mitigate grassroots families' burden arising from their children's healthcare expenses;
- (n) provide full level of assistance to all students who have passed the means test under the Student Travel Subsidy Scheme;
- (o) reduce the burden of loan interest on students, set an interest rate ceiling for the Non-means Tested Loan Scheme at 2.5%, and replace the means-tested loans with interest-free loans;
- (p) build more public rental housing flats and provide rent allowance to assist applicants on the Waiting List who meet the income and asset requirements;
- (q) formulate a comprehensive policy on poverty eradication;
- (r) conduct studies on implementing negative income tax in order to provide subsidies to low-income people, so as to assist them in getting out of poverty; and
- (s) establish a comprehensive retirement protection system to ensure basic protection for the livelihood of the elderly, so as to improve the situation of elderly poverty.