

立法會 *Legislative Council*

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Special House Committee meeting on 22 March 2013

Background brief on poverty alleviation

Purpose

This paper summarizes the major issues relating to poverty alleviation raised by the House Committee's Subcommittee on Poverty ("the Subcommittee") and the Panel on Welfare Services ("the WS Panel") since the Fifth Legislative Council ("LegCo").

Background

2. In February 2005, the Government established for the first time an advisory committee – the former Commission on Poverty ("CoP") – to address poverty problems. The former CoP was dissolved in June 2007. Following the dissolution of the former CoP, an inter-bureau/departmental Task Force on Poverty headed by the Secretary for Labour and Welfare was set up to coordinate the cross-departmental efforts on poverty alleviation.

3. In response to community concern over the poverty situation in Hong Kong, the House Committee of the Third LegCo established a subcommittee to study the subject of combating poverty. The former Subcommittee to Study the Subject of Combating Poverty had completed the studies on four topics namely working poverty, women in poverty, elderly in poverty and development of social enterprise ("SE"). In the Fourth LegCo, the WS Panel had appointed a subcommittee to study policies and measures relating to poverty alleviation. The former Subcommittee on Poverty Alleviation had drawn up 15 recommendations for consideration by the Administration, a summary of which is in **Appendix I**.

4. In his election manifesto, the Chief Executive ("CE") pledged to reinstate CoP to undertake an overall review of the forms and manners by which poverty is manifested and their underlying causes. The Government announced the establishment of CoP on 9 November 2012. According to the Administration, CE will chair the annual Poverty Summit to set directions and reinforce the over-arching strategies and the Chief Secretary for Administration will chair CoP to coordinate specific measures. The six task forces¹ formed under CoP will focus on specific areas.

5. At its meeting on 12 October 2012, the House Committee set up a subcommittee on poverty (the Subcommittee) to study relevant policies and measures for easing the disparity between the rich and the poor as well as alleviating poverty, and follow up the work of the Government's CoP.

Major issues raised by Members

Work directions of CoP

6. Members of the Subcommittee were of the view that the long-term goal of CoP should be helping the poor to escape poverty by enhancing their self-reliance. CoP should formulate concrete poverty alleviation policies from a macro perspective. Specific targets should be set for short, medium and long-term policies in reducing or eliminating poverty and narrowing the wealth gap between the rich and the poor. Short and medium-term relief measures should be rolled out periodically to help the impoverished groups. To enhance self-reliance of the disadvantaged groups, more low-skilled jobs and jobs requiring only low academic qualifications should be created.

7. Members considered that in the absence of targeted educational policies to help students of under-privileged background, such youngsters found it difficult to equip themselves with the necessary knowledge and skills for employment, thus leading to inter-generational poverty. Targeted educational policies should therefore be devised to help youngsters, particularly those with under-privileged background, to enhance their education attainment and employability.

¹ The six task forces formed under CoP are the Social Security and Retirement Protection Task Force, the Education, Employment and Training Task Force, the Societal Engagement Task Force, the Special Needs Groups Task Force, the Community Care Fund Task Force and the Social Innovation and Entrepreneurship Development Fund Task Force.

8. Some members suggested that CoP should accord priority to studying the long-term development and sustainability of SEs, particularly those that provided employment opportunities and/or products and services to the under-privileged. The Administration should assist SEs in enhancing their self-reliance so as to reduce their dependence on Government subsidies.

9. The Administration advised that CE would chair the annual Poverty Summit to broaden community engagement and provide overall steer and policy directions to CoP. CoP would examine poverty alleviation policies in a holistic manner. Strategies would be formulated from both the macro and micro perspectives to address the overall poverty situation as well as the poverty problems at district level. In addition to long-term policy issues, short and medium-term measures would be considered to address more imminent issues.

Transparency of CoP's work

10. Members of the Subcommittee considered that CoP and its Task Forces should enhance their transparency by, inter alia, making their meeting agendas and discussion schedules available to the Subcommittee to facilitate its work. However, CoP declined to accede to the request on the grounds that CoP and its Task Forces would hold their meetings behind closed door and all the documents, information and discussion of these meetings were restricted materials. According to CoP, it had uploaded suitable information to its dedicated website and issued relevant press releases from time to time. CoP and its Task Forces would report the progress of their work to LegCo after they had been in operation for some time.

11. Members expressed regret at the CoP's refusal to provide the Subcommittee with information on the Commission's meeting agendas and discussion schedules. They considered that it would hinder the Subcommittee's monitoring of CoP's work and hamper the public's discussion on issues relating to poverty alleviation.

Measuring poverty

12. Noting that drawing up a poverty line was one of the main tasks of CoP, some members of the Subcommittee were of the view that there should be at least three benchmarks to measure poverty. The lowest benchmark should correspond to an income level that maintained

subsistence living. The middle benchmark, representing the poverty line, should be set at 60% of median wage. Finally, the highest benchmark should represent a poverty prevention line. Individuals living below the poverty prevention line would be those who must rely on the Administration's support to live above the poverty level. The Administration should help them enhance their earning ability so that they would not fall below the poverty line. For those living below the poverty line, the Administration should provide a subsidy in order to bring their income up to the poverty line level. Public views on the criteria for drawing up the poverty line should be sought in order to forge a consensus in the community.

13. According to the Administration, the poverty line served three functions: to quantify the poverty-stricken population for a focused analysis of the situation; to investigate the causes of poverty and inform policy formulation; and to assess the effectiveness of its poverty alleviation policies. CoP's Social Security and Retirement Protection ("SSRP") Task Force was asked to study and formulate the poverty line. It would refer to statistics and expert advice as well as views of the community in its study. The poverty line would be drawn up within 2013.

14. Members expressed concern about the time to be taken by CoP to draw up the poverty line. In their view, poverty line was not a new concept and deputations had made specific recommendations on poverty line, e.g. setting the poverty line at disposable income level or at certain percentage of the median income. Members called on CoP to speed up its work in this regard.

Poverty alleviation measures for the elderly

15. Members of the Subcommittee expressed concern that many elders who were in pressing need for financial assistance could not apply for Comprehensive Social Security Assistance ("CSSA") because their children refused to sign the so-called "bad son statement" (i.e. a statement made by the family members of the elderly persons on non-provision of financial support). Given that the requirement for "bad son statement" under the CSSA Scheme had deterred many needy elders from applying for CSSA, members were of the view that the Administration should take forward CE's pledge in his manifesto about combining the elderly CSSA and Old Age Allowance schemes and allowing declaration of income and assets on a personal basis by the elderly. The Administration should also remove the requirement for "bad son statement" without delay.

16. The Administration explained that elderly CSSA applicants' declaration on whether they were supported financially by their children would facilitate the assessment of their eligibility for CSSA and the amount of CSSA they could receive. If children of elderly applicants refused to declare non-provision of financial support, these applicants could apply for CSSA on their own provided that they made such a declaration in this regard.

17. Members were of the view that as needy individuals aged between 60 and 64 were excluded from many of the assistance schemes provided by the Administration, CoP should study measures to alleviate the financial burden of these individuals who were low-income earners or were no longer in the workforce.

18. The Administration advised that measures such as the Work Incentive Transport Subsidy Scheme were in place to encourage employment of the aforesaid group and provision of further support to them would be considered when necessary.

19. Some members expressed concern that the measures adopted by the Administration were unable to solve the problems of elderly poverty, as none of them provided non-CSSA recipients with financial assistance comparable to CSSA. Some members were of view that most of the measures and policies for the elderly were remedial in nature. Given the longer life expectancy of the population, the Administration should formulate long-term policies on housing, health care and life-long learning to enable them to live a happy retirement life.

20. According to the Administration, it had always attached great importance to the quality of life of the elderly. Multifarious services were provided to the elderly and the Steering Committee on Population Policy as well as the relevant bureaux would study measures to help the elderly enjoy their twilight years. The Administration would examine whether the existing policies and measures could cope with the projected changes in population.

21. Noting that the Administration would launch a four-year Pilot Scheme on Community Care Service Voucher for the Elderly, members expressed concern that the provision of community care service voucher could not alleviate the demand for residential care services for the elderly. Some members were of the view that the value of the vouchers was too low to cater for the long-term needs of the elderly.

Residential care services for the needy elderly

22. Members of the Subcommittee were gravely concerned about the serious shortage of residential care places for the elderly. They called on the Administration to do its best to increase the supply of residential care places. To mitigate opposition to provision of residential care services from local community, the Administration should make such provision at the town planning stage. Members also suggested that the Administration should consider setting aside a fixed number of public rental housing ("PRH") flats for residential care places.

23. The Administration responded that in view of the shortage of land for PRH estates and the long waiting list, it would be difficult to set aside residential care places in all new estates. It would however endeavour to identify suitable sites/premises, including private and public housing development projects as well as development projects of the Urban Renewal Authority, for residential care services.

Retirement protection

24. Pointing out that more than 80% of the elderly aged 70 or above were receiving assistance or allowance, members of the Subcommittee called on the Administration to formulate policies with a view to providing diversified retirement services for the elderly.

25. According to the Administration, it would enhance the three pillars of retirement protection and CoP's SSRP Task Force would study the issue in depth and in an open, pragmatic and prudent manner. It would consider all views objectively and work towards a consensus in the community on how retirement protection should be taken forward.

26. At its meeting on 22 January 2013, the Subcommittee passed a motion requesting the Government to, among others, expeditiously scrap the requirement of "bad son statement" under the CSSA Scheme and conduct an overhaul of the system of providing care for the elderly and provide retirement protection for all people in Hong Kong.

27. The WS Panel was also very concerned about the provision of retirement protection for the public at large, particularly for the elderly as they could not benefit from the Mandatory Provident Fund ("MPF") system which was launched in 2000. Members were of the view that the MPF

system should be enhanced, and the provision of the Old Age Living Allowance should not be regarded as a form of retirement protection. In light of the ageing population, the WS Panel considered that the Government should establish a universal retirement protection system for all people in Hong Kong.

28. Noting that CoP had set up a SSRP Task Force, the WS Panel has appointed the Subcommittee on Retirement Protection to study issues relating to the retirement life of all people, and to follow up on the proposal of setting up and implementation of universal retirement protection for all people in Hong Kong. The Subcommittee will commence its work when a vacant slot arises upon the completion of work of any one of the eight subcommittees on policy issues currently in operation.

Housing assistance for persons with low income

29. Members of the Subcommittee called on the Administration to build more PRH flats and provide rent allowance to assist applicants on the waiting list who met the income and asset requirements. To address the problem of high rental for private housing, some members took the view that rent control should be imposed.

30. The Administration advised that the provision of rent allowance to assist applicants on the waiting list required careful study. The Administration would continue its prevailing policy to assist low-income families to meet their housing needs mainly through the provision of PRH. According to the latest Public Housing Construction Programme of the Housing Authority, an annual average of about 15 000 new PRH flats would be completed during the period from 2012-2013 to 2016-2017. The production of 15 000 new PRH flats per year was not a rigid target. The Administration would adjust the production level should additional sites become available. As stated by CE in his 2013 Policy Address, the Administration would increase and expedite the supply of subsidized housing. As a production target, the total supply of PRH would be at least 100 000 units over the five years starting from 2018.

31. Notwithstanding the Administration's response, members asked the Administration to provide them with the projection of the financial impact on the Government's expenditure should the Administration provide rent allowance, which was pitched at the same rate as the rent allowance under CSSA, to the PRH applicants who had been put on the waiting list for more than three years. The Administration was also requested to provide

detailed justifications for not implementing rental control. The Subcommittee would follow up with the Administration in this regard.

Relevant papers

32. A list of the relevant papers on the LegCo Website is in **Appendix II**.

Council Business Division 2
Legislative Council Secretariat
18 March 2013

Recommendations of the Subcommittee on Poverty Alleviation under the Panel on Welfare Services of the Fourth Legislative Council

The Subcommittee recommends that the Administration should -

- (a) conduct a comprehensive review of the Comprehensive Social Security Assistance ("CSSA") Scheme expeditiously, including -
 - (i) the items which should be classified as basic needs for the purpose of inclusion in the CSSA standard rates; and
 - (ii) recognising access to the computer facilities and the Internet is basic needs of students in receipt of CSSA;with a view to ensuring that the different standard CSSA rates are adequate to meet the essential needs of different categories of recipients;
- (b) review the requirement for the elderly to apply for CSSA on a household basis;
- (c) start the review on the Computer Recycling Programme ("CRP") before the end of the two-year programme so that CRP will be provided for needy students without interruption;
- (d) expedite the review of the disregarded earnings ("DE") arrangements, and further relax the DE arrangements so as to encourage those who can work to find and remain in employment;
- (e) consider removing the seven-year and one-year-continuous residence requirement under the CSSA Scheme;
- (f) extend the Transport Support Scheme to low-income workers in all districts;
- (g) consider providing tax credit for the working-poor households;
- (h) formulate a long-term plan and provide policy support to foster the development of social enterprises ("SEs") and advice on the operation of SEs;

- (i) stipulate in the government service contracts the requirement of employing a certain percentage of socially disadvantaged and local residents;
- (j) encourage SE operators to accord priority to employing local residents;
- (k) raise the amount of seed grants under the Enhancing Self-Reliance Through District Partnership Programme to facilitate the development of larger-sized SEs;
- (l) encourage the respective District Officers to take a more proactive role in collaborating with the District Councils concerned, district organisations and government departments to identify the needs of disadvantaged having regard to the unique situation and district profile, formulate targeted poverty alleviation initiatives as well as monitor the performance and effectiveness of the measures;
- (m) inject economic activities at the district level so as to create job opportunities for the low-income and low-skilled workers in the district concerned;
- (n) set performance targets for reducing poverty and evaluate the effectiveness of the poverty alleviation measures in achieving the targets; and
- (o) re-establish the Commission on Poverty to actively study and formulate long-term policies to alleviate the poverty problem.

Source: Extract from the Report of the Subcommittee on Poverty Alleviation of the Panel on Welfare Services (LC Paper No. CB(2)1760/09-10)

Relevant papers on poverty alleviation

Committee	Date of meeting	Paper
Subcommittee to Study the Subject of Combating Poverty	-	Report on Working Poverty (LC Paper No. CB(2)1002/05-06) Report on Women in Poverty (LC Paper No. CB(2)2295/05-06) Report on Elderly in Poverty (LC Paper No. CB(2)2048/06-07) Report on Development of Social Enterprise (LC Paper No. CB(2)2390/07-08)
Subcommittee on Poverty Alleviation	-	Report of the Subcommittee to the Panel on Welfare Services (LC Paper No. CB(2)1760/09-10)
Subcommittee on Poverty	5 November 2012 (Item II)	Agenda Minutes
Subcommittee on Poverty	11 December 2012 (Item III)	Agenda
Panel on Welfare Services	14 January 2013 (Item IV)	Agenda
Subcommittee on Poverty	22 January 2013 (Item I)	Agenda
House Committee	25 January 2013 (Item VI)	Agenda Minutes
Subcommittee on Poverty	28 February 2013 (Item II)	Agenda