

## **Commission on Poverty (CoP)**

### **Follow-up to Tin Shui Wai District Visit**

#### **Purpose**

This paper follows up on the visit to Tin Shui Wai (TSW) by the Commission on 7 March, and highlights the key challenges faced by the community and strategies to be adopted to deal with the challenges.

#### **Background**

2. The Commission on Poverty held its first meeting on 18 February 2005. Members agreed, among other things, to adopt a district-based approach in studying and identifying the needs of the poor. As a first step, Members of the Commission conducted a visit to TSW on 7 March. Members met with participants from the Intensive Employment Assistance Projects (IEAPs) organised by the YWCA Tin Shui Wai Integrated Social Service Centre, and some other low-income families. Members also exchanged views with district representatives including District Councillors, Area Committees members, community organizations, social workers and school headmasters from Yuen Long on the special needs and challenges faced by local residents.

#### **Key Challenges**

3. CoP Paper 8/2005 provides an overview of the community profile of TSW, the services available to the residents there that are relevant to poverty alleviation, and some of the challenges faced by the community. The following highlights three key concerns as reflected by figures related to the social characteristics of TSW and the discussions with the local personalities on 7 March

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*Unemployment* - the unemployment and underemployment rates of Yuen Long District<sup>1</sup> are higher than the corresponding figures for the whole territory, with a high number of unemployed CSSA recipients with low skill/education. Labour force participation for females in TSW is also much lower than their counterparts in the whole territory probably due to the need to take care of their children.

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<sup>1</sup> TSW specific unemployment and underemployment rates are not currently available.

TSW is a residential area with limited business activities and local employment opportunities. Most of those who are in employment need to work outside TSW and are in blue-collared or manual jobs with relatively low income from employment. The relatively high transport costs for commuting between TSW and urban districts have reduced their disposable income and may have dampened an incentive to hunt for/hold down jobs.

Risks of intergenerational poverty – the population in TSW is much younger than those in other new towns and the whole territory. The population in TSW below the age of 24 constitutes 38% of the total population (23% for age below 15 and 15% for age 15-24). Many of the young people come from families with less privileged background (low-income/CSSA recipients, single parenthood, new immigrants etc.). CSSA recipients are also relatively young in TSW with 36.6% and 29% of them aged below 10 and 10-19 respectively.

Lack of self-motivation – Noteworthy is the higher percentage of non-engaged (i.e. unemployed and not studying) youth of age 15-19<sup>2</sup> in TSW. There is a real risk that those who are now neither employed nor engaged meaningfully may become unemployable/unengageable before long. Special attention is needed urgently to help motivate and orientate the high-risk groups towards employment/training, and eventually, to become self-reliant.

## **District Coordination**

4. Policies exist to tackle most if not all of the problems identified. Nevertheless, since policies have been deliberated taking into account the then prevailing needs for Hong Kong overall, it is possible problems/issues specific to certain communities/localities may require targeted/specific examination and treatment before they can be adequately tackled. Effectiveness and sustainability of intervention measures as well as the minimization of unintended floodgate effects should be the guiding considerations for the identification of improvement measures. Towards this end, a bureaucracy-light approach, emphasizing inter-departmental cooperation and coordination, as well as the nurturing of sustainable community networks and social capital, is preferred.

5. To this end, as a response to the CoP initiative, a poverty alleviation task force (the task force) has been formed in the Yuen Long district to coordinate interdepartmental efforts at the district level. It is chaired by District Officer (Yuen Long) and comprises officers of all Government departments concerned at district level, as well as Mr LEUNG Che Cheung, a member of CoP and the Vice-Chairman of Yuen Long District Council.

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<sup>2</sup> The percentage of youth of age 15-19 who were unemployed or not studying in Yuen Long in 2003 was 13.2% as compared with 9.2% for the whole territory.

## **District Strategies**

6. The task force has met twice, before and after CoP visit to TSW on 7 March. Taking into account the social characteristics of TSW and the suggestions from the local community, the task force has initially mapped out the following key directions to tackle the key challenges faced by TSW -

### **Strategy 1: To facilitate employment**

The task force considers that helping people into work is the most sustainable way to tackle poverty. This is particularly important for TSW since the population is young, and there are relatively more people within the working age. Measures should aim at facilitating employment, and helping people move from welfare to employment. The task force considers that possible local measures to this end could be grouped under four objectives, as follows -

#### ***Objective 1: To improve access to employment related information and services.***

Awareness of opportunities is the prerequisite to accessing such opportunities. Hence, the task force intends to consolidate existing information on employment assistance/opportunities and improve its dissemination.

#### **Key actions:**

- To organize local job fairs in Yuen Long and TSW (8.4.2005 and 22.4.2005).
- To publish booklets/information pamphlets introducing the employment services and schemes provided by LD and employment assistance schemes subsidized/provided by SWD and NGOs and to distribute these widely.
- To organize joint-departmental (YLDO, SWD and LD) exhibitions and campaigns in TSW disseminating job related information / booklets and providing on-the-spot employment services.
- To install an additional Vacancy Search Terminal of LD (the third one in TSW) in Tin Shui Community Centre to facilitate residents of TSW in searching for most updated vacancy information conveniently.

#### ***Objective 2: To upgrade skills and knowledge***

The objective of the following key actions is to upgrade the skills and knowledge of TSW residents in particular the unemployed in TSW and enhance their employability.

**Key actions:**

- To liaise with relevant institutions (e.g. Vocational Training Council and Employees Retraining Board) to organize relevant vocational training courses for TSW residents. Courses should be organized in TSW and nearby areas as far as practicable to facilitate the unemployed to attend.
- To organize short career preparation courses or seminars to equip the unemployed with the necessary soft skills (such as interpersonal and interview skills) to secure a job.

**Objective 3: To stimulate local employment opportunities**

The objective of the following key actions is to tap the natural and heritage resources of Yuen Long to promote tourism and local community economy.

**Key actions:**

- Tourism Commission would cooperate with YLDC and YLDO to promote the Wetland Park in TSW, which will be opened for use in early 2006. It is expected that the opening of the Park will boost local tourism and create job opportunities.
- YLDO and YLDC will explore with commercial organizations, such as KCRC, some forms of cooperation to promote tourism in Yuen Long.

**Objective 4: To facilitate labour participation of single parents**

The objective of the following key actions is to support parental employment by “freeing up” the working capacity of single parents through better access to affordable childcare services

**Key actions:**

- To provide child care services and related financial assistance to free parents from child care burden. SWD will continue to consider special district needs e.g. regularly review the demand and utilization for fee-waiving places of the After School Care Programme (ASCP) to ensure any unused quota are transferred to districts with higher demand like TSW.
- To publish information leaflets on childcare services and ASCP in TSW to improve access by needy parents to these services
- To encourage NGOs to organize mutual help support groups for providing affordable “neighbourhood childcare services” to working parents.

## **Strategy 2: To reduce risks of intergenerational poverty**

To provide suitable education and development opportunities to our younger generation to enable them to face future challenges of academic/career pursuits.

***Objective 1 : To enable families in need to obtain appropriate services through better alignment of health, education and social services delivery (0 - 5 Years)***

### **Key actions:**

- To facilitate successful implementation of the pilot Head Start Programme in TSW in 2005/2006.

***Objective 2: To provide development opportunities for children at school or outside (6 - 15 Years)***

### **Key actions:**

- To facilitate successful implementation of School-based After-school Learning and Support Programmes. The programmes, which target at students from disadvantaged families including those from TSW, will be launched in summer 2005.
- To provide computer access for students after school. An incentive grant has been provided by EMB for schools to extend the opening hours of their computer rooms/facilities for use by their students.
- To facilitate the use of computers for the students who cannot afford to have their own computers at home, computers are installed in the community and youth centres for students' self-study. Besides funds were allocated to secondary schools to buy notebook computers for loan to needy students under a Quality Education Fund project in 2001.
- To encourage youth service units in TSW to organize more personal capacity building projects specifically for the non-engaged youth.

***Objective 3 : To provide training and reduce youth unemployment***

### **Key actions:**

- To provide training opportunities for youth (e.g. VTC has offered "taster" programmes targeted at non-engaged youth in Yuen Long & TSW and would consider providing more of these programmes in these districts. NGOs have also been enlisted to identify useful training or employment projects for which funding can be provided by the Youth Sustainable Development and Engagement Fund.)

***Objective 4: To intensify parental education/guidance/training***

**Key actions:**

- To continue efforts to facilitate the setting up of the Federation of Parent-Teacher Associations in Yuen Long.
- To continue to align effort of EMB, SWD, NGOs and schools in providing parent education.
- To continue organizing tailor-made integrated family services projects to reach out to CSSA single parents and provide them with diversified programmes and services, including parent education.
- To collaborate with NGOs to plan for a computer recycling project with technical support and IT training for parents in the coming 2 school years to help needy students to enhance their access to IT facilities and resources.
- To assist able-bodied CSSA recipients to enhance their employability through participation in IEAPs and Community Work Programme.

**Strategy 3: To enhance motivation and promote self-reliance**

To improve their life conditions and economic opportunities, the poor need the motivation to work and the willingness to make use of the contribution from different sectors of the community. It is necessary to encourage the poor to reach out to the community, to set personally-relevant goals and to build up their self-efficacy in meeting the goals.

***Objective 1: To promote caring and self-reliance messages among the commuters***

The objective of the following key actions is to promote caring and self-reliance messages in TSW through YLDOs' community network and close working relationship with YLDC.

**Key actions:**

- To organize large scale promotional campaigns / exhibitions with a view to disseminating caring and self-reliance messages as well as information about social resources and services in the community to TSW residents.

***Objective 2: To build up self-efficacy of the poor***

The objective of the following actions is to build up self-esteem and self-efficacy of the poor through their participation in community activities

**Key actions:**

- To recruit volunteers from less privileged families to participate in community and YLDCs' activities in order to build up their self-esteem and a positive outlook on life.
- To encourage business community to step up their support as mentors and role models to encourage the youths to learn and advance
- To encourage NGOs to apply for Community Investment and Inclusion Fund to organize programmes for the poor in particular the youth from poor families. The aim is to increase their self-efficacy and incentive for meaningful engagement of their time through giving them self-actualisation experiences.

7. The task force will meet regularly to follow-up on the implementation of the actions and keep under review the specific needs of the district. The task force will also work with the District Council and other local companies/organizations to encourage community engagement at the local level and respond to the needs of the district.

**Territory-wide Issues Arising from TSW Visit**

8. Raised during the discussion with the TSW local community, two issues, which involve territory-wide policy implication, may require further consideration by CoP -

- (a) how to facilitate the unemployed to set up small businesses; and in this connection, the need for and desirability of reviewing the legislation concerning establishment of cooperatives was raised (see *Annex A* for details);
- (b) how to address the issue of transport costs to low-income earners travelling to work outside TSW (See *Annex B* for details).

These two notes will be refined and notes on other issues will be prepared as and when necessitated by observations of other district visits.

## **District-based Approach in Alleviating Poverty**

9. We consider the TSW visit a worthwhile experience to facilitate our consideration of the implementation of a district-based approach in alleviating poverty -

- (a) a district-based approach can facilitate concrete and contextualised understanding of the unique/specific needs and key challenges faced by different communities;
- (b) with their local knowledge, a local forum with the involvement of relevant parties would be in the best position to identify the priorities of the district concerned in alleviating poverty; and
- (c) a district-based approach would also be conducive to identifying specific measures focused on tackling the problems identified without entailing unintended economic distortion and rippling effects on other districts/policies.

10. It is proposed that the Commission should conduct further district visits in order to enrich the Commission's understanding of the poverty situation in different districts and how a district-based approach may work. Such visits may also provide insights on implementational aspects such as the possible formats of district coordination and the coordination with CoP and relevant policy bureaux. In deciding which districts for conducting further visits, we have made reference to the Multiple Deprivation Indexes (MDI) for District Council Districts now being developed by the Central Policy Unit. The MDI cover indicators across five domains, including income, employment, health and disability, education, skills and training, and housing. Initial results indicate that Yuen Long, Sham Shui Po and Kwun Tong are the three districts that deserve priority attention. Subject to Members' views, we plan to conduct further visits to Shum Shui Po and Kwun Tong in April/ May. The Commission Secretariat would also organize a number of fact-finding visits to other districts (subject to discussion with the districts, it would likely be Kwai Tsing, Wong Tai Sin, North and Islands) which will be open to participation by interested Members. A report on the district visits as well as the experience in implementing the district-based approach in alleviating poverty will be submitted for discussion at future meetings.

## **Advice Sought**

11. Members are invited to -

- (a) note the key observations of the visit to TSW on 7 March (re. paragraph 3);
- (b) consider the basic tenets of a district-based approach proposed (re. paragraph 4);



- (c) note the work of the Yuen Long District task force (re. paragraphs 6 and 7) and offer comments, if any, to enrich the task force's deliberation; and in this connection, the CoP Secretariat will channel Members' views to the task force;
- (d) consider the territory-wide issues concerning the establishment of cooperatives and transport costs (re. paragraph 8 Annexes A and B); and
- (e) consider the proposed future visits in Sham Shui Po and Kwun Tong as well as other fact-finding visits to be conducted in May and June in implementing the district-based approach in alleviating poverty (re. paragraphs 9 – 10).

Commission Secretariat

April 2005

## Co-operatives

### Background

Co-operatives are one of the business forms characterized by the pooling of human resources together with limited capital. Co-operatives worldwide operate under a set of globally recognized “Co-operative Principles”, which include democratic control and limited capital return.

2. In Hong Kong, co-operatives have to be registered with the Agriculture, Fisheries and Conservation Department (AFCD) under the Co-operative Societies Ordinance (Cap.33). While the nature of co-operatives varies widely, including agriculture and fisheries, building civil servants’ flats, selling consumer goods and canteens, all co-operatives are required to have a minimum number of 10 members and re-invest 25% of their net profits into the co-operatives for further development.

### Recent Concerns Raised

3. There have recently been more co-operatives of social enterprise nature such as tuck shops and domestic cleansings. Some consider this as one possible means to help the unemployed as these co-operatives may provide their members with job opportunities. Some have therefore suggested that the Government consider means of facilitating the formation of co-operatives for these needy groups by reviewing the legislation.

4. We are taking stock of the specific concerns. But, so far, we have gathered that the concerns/requests mainly fall within the following areas :

(a) ***Business viability***

Co-operatives, similar to all the other forms of businesses, face competition and carry business risks.

(b) ***Lack of capital and professional knowledge***

Some potential co-operatives have indicated that they may not have sufficient capital or professional knowledge/experience (e.g. accounting and financial management) in setting up businesses.

(c) ***Cash requirements arising from general business obligations***

People viewing co-operatives as a welfare initiative have requested whether co-operatives can be exempted from the usual statutory business obligations so as to reduce their cash outflows, such as business registration, profits tax, contributions to MPF and employees’ insurance.

**(d) *Legislative requirements***

In view of the small amount of profits usually generated by co-operatives, some have requested to relax the statutory requirements of (a) having at least 10 members to increase their individual share of the profits; and (b) re-investing 25% of the net profits into the co-operatives to increase the profits for sharing among the members.

**(e) *Need for more facilitating measures***

There have been requests for co-operative members to be exempted from Support for Self-Reliance measures required for recipients of the Comprehensive Social Security Assistance (including the need to find jobs, attend training courses and do community work) and for enhanced direct assistance to co-operatives such as rent subsidies.

**Present Position and Way Forward**

5. The Secretary for Health, Welfare and Food would be meeting some co-operatives to better understand their specific concerns. We would then examine how the concerns can be best addressed.

6. At this stage, we are not sure if amendments to the Co-operative Societies Ordinance would be the best way to assist the unemployed. Moreover, any special treatment to co-operatives may have read-across implications on other usual businesses in Hong Kong say from the competition perspective. We would also need to examine any proposed changes taking into account possible departure from established international co-operative principles, implications on operation of co-operatives of other nature, and availability of other alternative business forms such as partnerships for these groups. Besides, we would see if the existing assistance from the Government and other community group<sup>1</sup> is sufficient.

Health, Welfare and Food Bureau

March 2005

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<sup>1</sup> For example, AFCD, registrar of co-operatives, provides assistance to co-operative groups for compliance with the Co-operative Societies Ordinance as appropriate. Moreover, the SME funding schemes operated by the Trade and Industry Department may provide loan guarantee or training fund for co-operatives with business registration. As regards community assistance, the Hong Kong Women Professionals and Entrepreneurs Association has recently set up a scheme to provide loans of up to \$50,000 for each group and capacity-building assistance (such as accounting, market analysis and business planning) for co-operative formation.

## Transport Costs

### (A) Low-income earners living in remote areas and traveling to work in urban/distant areas

There have been calls for fare concessions to low-income earners living in remote areas and traveling to work in urban areas since transport costs may take up a significant proportion of their income. The concern is that, if left untackled, the issue of high transport costs may indirectly and inadvertently reduce the incentives to work vis-à-vis going on welfare. In addition, there is opinion that the meager net disposable income left after discounting transport expenses also detracts from the provision of equitable access to opportunities by the younger generation of such families. Suggestions that have been put forth to help this group include -

- (a) introducing a transport subsidy scheme similar to EMB's Student Travel Subsidy Scheme<sup>1</sup>, either in cash or in coupons; or
- (b) giving open concession to passengers of certain routes from certain remote areas to urban areas at certain time.

2. EMB's current Student Travel Subsidy Scheme is premised on the policy of ensuring that students are not deprived of education for lack of financial means. Over 240 000 students benefited from the scheme in 2003-04 with an annual recurrent expenditure of about \$380 million. We need to take into account policy as well as financial and administrative implications in introducing any similar transport subsidy scheme. Possible implications include the following -

- (a) *policy implications*: Pertinent questions include: Why transport costs and why transport costs only when other offsetting cost-of-living implications of residing in remoter areas are taken into consideration? Should the assistance be time-limited? How should it be paid for and what are the related economic/public policy implications? How to qualify a "remote area", 'low-income earners' and the related issues of equity? Merits vis-à-vis other intervention measures, e.g. subsidized shuttle or outright wage subsidy? How to prevent subsidy recipients from enjoying double-benefit due to other existing welfare/ subsidy schemes?
- (b) *financial implications*: the amount of recurrent expenditure is expected to be significantly higher given the size of the working population, cost of travel as well as the administrative costs involved;

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<sup>1</sup> The Student Travel Subsidy Scheme is a means-tested scheme for non-CSSA needy students in primary education and above who have not completed their first degree and who live beyond ten minutes' walking distance from their school and travel to school by public transport. Eligible students may receive, depending on their family financial situation, a full rate or half rate subsidy for home-school travel during term time.

- (c) *administrative implications*: managing a subsidy scheme for “low-income earners” “living in remote areas” and “traveling to work in urban/distant areas” will likely involve the setting up of a new mechanism to means-test and identify the targets. Susceptibility to, and safeguard against possible, abuses will trigger additional administrative complications.

3. The proposal in 1(b) above would remove the administrative complications mentioned in 2(c) above. Nevertheless, the policy and financial implications remain. Without clear targets, the service may benefit people other than the low-income earners. Moreover, proposal 1(b) involves other difficulties on implementation include: How to identify the routes regarding which fare concession is to be provided? How to differentiate passengers eligible for the concession from the other passengers to ensure effective enforcement of the scheme? Are the public transport operators willing to bear the revenue foregone arising from the concession or should the Government compensate the operators for the revenue foregone due to the concession?

#### **(B) Smaller/easily identifiable target groups**

4. Instead of giving concessions to all low-income earners living in remote areas and traveling to work in urban/distant areas, it has been suggested that concessionary schemes targeted at a smaller group of easily identifiable people can be introduced, in particular to encourage their participation in the labour force (instead of going on welfare).

5. To this end, the model of the Local Domestic Helper ("LDH") Discounted Fare Scheme (九巴本地家務助理優惠) introduced by KMB and the Employees Retraining Board (ERB) from 1.11.2002 to 31.10.2003 has been proposed as one of the precedents from which the Commission may draw reference. Under the Scheme, 50%-discounted fare was offered for eligible domestic helpers when travelling on over 300 KMB routes including cross-harbour routes solely operated by KMB. It is worth noting that the concession is justified on the basis of the differential between supply of LDH and demand in more wealthy areas instead of being a pure subsidy.

6. Another suggestion mooted is the provision of transport subsidies to able-bodied recipients of the Intensive Employment Assistance Projects (IEAPs) with a view to facilitating their search for work. Nevertheless, it is relevant to note that Temporary Financial Assistance (TFA) is already being provided for immediate and direct disbursement to needy near-CSSA/CSSA recipients to tide them over temporary financial hardship. Recipients can use TFA for meeting expenses such as transport cost for attending job interviews/commuting to work, purchasing working uniform, etc up to a maximum of \$1,000 during the period of participation in IEAPs. TFA will be totally disregarded when assessing CSSA payment.

7. In addition, 'disregarded earnings' (DE) is provided under the CSSA Scheme to encourage CSSA recipients to find and maintain employment. Under the scheme, the first month's income earned by a recipient from a new job will be totally disregarded, while the earnings from the month following can be partially disregarded up to a maximum of \$2,500 per month to serve as an incentive to recipients to continue working. Recipients are free to use the DE to supplement CSSA payment to meet expenses including transport costs. Arrangements for DE will be reviewed by the end of this year.

8. Given the community's concern about assisting the disadvantaged and needy, the Commission on Poverty may wish to consider the desirability and implications of assisting certain easily identifiable groups, e.g. participants in the Youth Pre-employment Training Programme (展翅計劃) and the Youth Work Experience and Training Scheme (青見計劃), who live in the remoter districts and who are assessed by NGOs under the two schemes as needy (e.g. for attending job interviews).

9. Nevertheless, when targeting special concessions to encourage participation in the labour force by the low-income earners and disadvantaged youths, we also need to consider balancing the needs of other needy groups for assistance in transport costs (e.g. people with disabilities). We also have to consider whether the cost of the concession should be borne by the public transport operators or should be offered as a Government subsidy and how to identify appropriate agencies/NGOs in managing and implementing the targeted schemes.

### **(C) Appealing to public transport operators to consider special concessions**

10. In accordance with the spirit of free enterprise, it will be the commercial decision of individual public transport operators on whether they could reduce their fares or offer concessions. The Government will continue to encourage public transport operators to consider lowering their fares or introducing further concession schemes.

11. The Government has been encouraging public transport operators to introduce fare reduction or concession having regard to their respective operating conditions and the social needs of the community. Most of the public transport operators offer children aged below 12 and elderly aged 65 or above with long-term fare concessions. In addition, public transport operators have altogether introduced over 80 fare concession schemes since July 2002, including bus-rail interchange schemes and discounted bus or railway fares. Residents in Yuen Long/ TSW can benefit from around 20 of them.

12. The concessionary schemes help reduce transport expenses of the travelling public. For example, four franchised bus companies introduced a 10% discount on fares of \$15 and above on all routes (except recreational routes and

Airport “A” routes) in October 2003. This scheme has brought greatest benefit to passengers of long-distance routes (including residents of TSW), whose transport expenses normally tend to constitute a relatively higher proportion of their household expenditure. Another example is that an adult passenger can enjoy a \$3.2 discount for every \$30 of Light Rail travel accumulated within 6 days under Light Rail Enhanced Bonus Scheme Light Rail.

13. Given the community’s concern about assisting the disadvantaged and needy, the Commission on Poverty can consider how it may further appeal to the public transport operators to give special concessions to certain easily identifiable groups (those mentioned in section (B) above). However, members may wish to note that public transport operators have been very conservative in introducing new or extending existing fare concession schemes. The public operators’ main concerns in providing additional fare concessions are increasing competition in the public transport industry as opposed to the slow increase in overall patronage, extraordinary rise in fuel cost in the past year and pressure for salary increase from their staff.

Commission Secretariat

*(with input from relevant bureaux)*

April 2005