



1 INTRODUCTION

BACKGROUND

- 1.1 By most measures Hong Kong has been doing quite well. Our per capita GDP is among the highest in the world. Our economy is vibrant and offers opportunities for upward mobility. The unemployment rate has dropped to a relatively low level by the standard of a developed economy. While keeping our tax low and leaving most of the poor population out of the tax net, we spend over half of our public expenditure on education, welfare and public health care. Expenditure in these public services has increased some 60% in the past decade¹. There is also an established public housing policy which subsidises low-income families who cannot afford private housing.
- 1.2 Despite the general affluence, poverty is ranked among the top concerns by the public and has presented some major challenges for our society -
 - (i) **Rising income poverty and disparity:** In the past decade, the number of persons living in low-income households has risen in Hong Kong, while at the same time we witness increasing wealth for many other households and hence growing income disparity. Despite the Government's efforts in building a just and caring society, some quarters feel that they cannot share the rewards of economic growth and prosperity. This public sentiment is divisive socially and constitutes a major barrier to the building of a harmonious society.



- (ii) **Low-skilled employment:** As Hong Kong continues to transform into a high value-added knowledge-based cosmopolitan city, the demand for lower-skilled workers has been reduced and their earnings have remained relatively low. There has been strong community demand for more support and work incentives to assist the unemployed and the working poor to become self-reliant.
- (iii) **Intergenerational poverty:** While Hong Kong is generally regarded as a relatively open and meritocratic society, there remain concerns and anxieties in the community, especially among the disadvantaged on whether their children have opportunities to develop and move up the social ladder when they grow up.
- (iv) **The elderly:** Like many other places, an ageing population with a longer life expectancy poses many challenges to our society. Affordable health care and housing, financial security and social support are some of the major concerns in relation to preventing poverty during old age. As we continue to improve existing public services, there is a need to carefully consider how public resources should best be deployed to address future challenges.

1.3 In the light of the challenges and growing community concern, the Government announced in the Policy Address in 2005 the establishment of a high-level commission to study, from a macro perspective, how to help the poor and alleviate poverty.

TERMS OF REFERENCE AND MEMBERSHIP

1.4 The Commission on Poverty was formally established in February 2005 for a term of two years, from 1 February 2005 to 31 January 2007. The term was further extended to 30 June 2007.

1.5 The following are the Terms of Reference of the Commission –

- To study and identify the needs of the poor.
- To make policy recommendations to prevent and alleviate poverty, and promote self-reliance.
- To encourage community engagement; delineate responsibility between the government, social welfare sector and community organisations; foster public-private partnerships and mobilise social capital in alleviating poverty.

- 1.6 Chaired by the Financial Secretary, the membership of the Commission include Head of the Central Policy Unit and four Principal Officials responsible for health and welfare, home affairs, employment and education, as well as non-official members comprising Legislative Councillors, business people, community leaders, representatives from NGOs, and academics. A dedicated Secretariat was established to provide support to the Commission. The membership is at *Appendix II*.

WORK PROGRAMME

- 1.7 Poverty involves a wide range of issues. In discussing its work programme², the Commission considered that it would be more effective to focus its efforts on areas which are of the greatest community concerns, which cut across different policy areas and require high-level examination, or which deserve a rethink of the approaches that we have been undertaking. Accordingly, the Commission has identified the following key work areas -
- Understanding poverty (*Chapter 2*)
 - The unemployed and working poor (*Chapter 3*)
 - Children and youth (*Chapter 4*)
 - The elderly (*Chapter 5*)
 - District-based approach (*Chapter 6*)
- 1.8 Besides examining public policies and measures in the course of its work, the Commission has also explored more effective mechanisms to pool together the resources and expertise of different sectors, and to try out new models which help build partnerships and mobilise social capital in alleviating poverty (*Chapter 7*).
- 1.9 For the other disadvantaged groups including women and single parent families, people with disabilities, single parent families; ethnic minorities and new arrivals from the Mainland, the Commission agreed to keep in view their needs, and to explore how to assist them in its work (*Chapter 8*).

- 1.10 The Commission is action-oriented. During the examination of the relevant policies and measures, the Commission has tried to identify areas where immediate improvements could be made, through strengthening existing services, filling gaps, enhancing coordination, or exploring new approaches.
- 1.11 The Commission has also conducted extensive public engagement and proactively reached out to a wide spectrum of people through a series of district visits, conferences, seminars and meetings in examining existing services and exploring new approaches. The activities of the Commission is summarised at *Appendix III*.