

EXECUTIVE SUMMARY

BACKGROUND

- 1 The Commission on Poverty (the Commission) was established by the Government of the Hong Kong Special Administrative Region in February 2005 in view of community concern on the poverty situation in Hong Kong, and the challenges of rising income disparity, unemployment of low-skilled workers, intergenerational poverty and the elderly in poverty.
- 2 Over the years, the Government and other sectors of the community have invested a lot of efforts to improve the welfare of different disadvantaged groups in the community. 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.
- 3 Accordingly, the Commission has examined each of the following areas holistically, identified immediate improvements to be made, and considered the direction for future work to prevent and alleviate poverty -
 - Understanding poverty
 - The unemployed and working poor
 - Children and youth
 - The elderly
 - District-based approach

OBJECTIVES

- 4 Regardless of the diverse background and differences in views of its members, the Commission shared a strong consensus on the importance to promote employment as the core to alleviating poverty and achieving self-reliance. Not only does employment improve economic well-being, it also enhances the self-respect of the individual, encourages social participation and instils a positive role-modelling for the younger generation.
 - For those with working abilities, the core strategy is to promote the policy of “From Welfare to Self-reliance” through enhancing employability, promoting employment opportunities, providing effective employment support and suitable work incentives.

- To prevent intergenerational poverty, besides providing children and families at-risk with additional support, we should adopt the right approaches to encourage them to move out of poverty by building up their capacities so that they can plan for their own future.
- For the needy elders and other disadvantaged groups who cannot support themselves, we should continue to provide them with welfare support and a safety net to ensure a dignified standard of living for the needy in our community.

Ultimately, support for the needy has to be built on shared responsibility of individuals, their families, and society.

- 5 The Commission shares the community's deep concern on the low wage level of some low-skilled workers. The Commission considers that work should be a more attractive option for able-bodied workers, when compared to staying on welfare. The Commission notes the on-going discussion on the issues related to minimum wage in other fora. The Commission urges the Government to take into consideration the objective of tackling poverty through encouraging low income employees to work, and to consider how to provide suitable support to the able-bodied unemployed and the working poor so that the system will provide the necessary incentives for those who have the ability to work to springboard to employment and achieve self-reliance.

WORK OF THE COMMISSION

- 6 The Commission has conducted extensive public engagement and proactively reached out to a wide spectrum of people including policy makers, non-governmental organisations, district personalities, the private sector, the academia as well as members of the public in the past two and a half years. The Commission has benefited from the views gathered through a series of district visits, conferences, seminars and meetings in examining existing services and exploring new approaches.
- 7 In the light of the background above, the major focus of the Commission's work includes -
 - (i) **Enhancing understanding of poverty** – Efforts to tackle poverty must start with an understanding of its complexities. The Commission has conducted studies and researches on a number of key areas in order to enhance the understanding on the magnitude and nature of the problem of poverty in Hong Kong, and to facilitate identifying the right approaches and measures to tackle poverty in a sustainable manner.
 - (ii) **Making immediate improvements** – 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.

- (iii) **Identifying direction for future work** – The Commission recognises that tackling poverty requires sustained efforts and continuous improvements based on evidence of what have or have not worked in the past. The Commission has examined each of the major challenges holistically, and made policy recommendations on the direction for future work to prevent and alleviate poverty.

A gist of the work of the Commission is summarised below.

(I) UNDERSTANDING POVERTY

- 8 The Commission has conducted the following work with the assistance of the Government Economist and the Census and Statistics Department in order to enhance a general understanding of poverty in Hong Kong -
- Enhanced **understanding of the nature of poverty** which requires more than relying on a poverty line to measure income poverty, but taking into consideration other factors such as access to essential services and opportunities, as well as family and socio-economic background of the individuals.
 - Compiled a set of **Indicators of Poverty** which will be updated annually to give an overview of how poverty situation evolves over time. It is worth noting that most of the indicators recorded general improvements over the past three years along with the sustained economic upturn.
 - Examined the effect of public policies on alleviating income poverty through analysing the **impact of taxation and social benefits on household income** in order to see how public policies have played out on the ground. Taking into account the impact of taxation and social benefits on household income, the post-transfer household income increased across most income groups with the low income groups receiving a substantial amount of transfers.
 - Examined relevant **mobility and intergenerational mobility** studies and data. While the available data shows that there was general mobility in the society, we should remain vigilant in ensuring that there are opportunities for all people in our society to improve their livelihood over time and intergenerational poverty could be reduced. Also, long-term research efforts on this aspect are recommended for more thorough understanding of the development of the younger generations.

- Examined the relevant analysis on **income disparity** in Hong Kong. The Commission noted that the Gini Coefficient would be affected by the impact of taxation and social benefits, as well as other demographic, social and economic factors. The Commission considers that we should focus on how to improve the well-being of the low-income and disadvantaged groups through poverty alleviation and prevention measures.
- 9 The Commission considers that the objectives of future work are to help the public gain a better understanding of poverty issues and their complexity, to monitor the impact of public policies on the different disadvantaged groups and communities, and to facilitate evidence-based policy making. The recommendations for future work include -

INDICATORS OF POVERTY

- **Monitor and track the indicators of poverty**, and where appropriate improve them by taking into account the changing needs of the society.
- Draw reference to the indicators of poverty as well as other relevant data and information during **policy formulation and implementation**, and consider the impact of public policies on the different disadvantaged groups and communities.

POVERTY RESEARCHES AND ANALYSIS

- Conduct and encourage relevant institutions to conduct **further poverty researches and analysis** in order to facilitate a more informed public policy discourse on the subject.
- Conduct **evaluative studies** on poverty alleviation measures.
- **Track the impact of taxation and social benefits** on household income, in particular on the lower-income group.
- **Track the situation of social and earnings mobility** in Hong Kong, and carry out longitudinal studies on children and other major vulnerable groups.
- Develop indicators or conduct studies to reflect the **strength of community** networks.
- Facilitate the **collection of data and statistics** to enhance poverty researches and analysis systematically, e.g. the collection of health data or statistics to be taken into account in the long-term development of a territory-wide health record infrastructure.

(II) THE UNEMPLOYED AND WORKING POOR

- 10 With the support of the relevant bureaux and departments, the following are some of the improvements that have been made to strengthen the support to the unemployed and the working poor -
- Strengthened **work incentives** through introducing a **pilot transport support scheme** in 2006-07 and an expanded trial scheme to be launched in mid-2007 to the needy living in remote areas, as well as relaxing the existing arrangement of **disregarded earnings** under the Comprehensive Social Security Assistance (CSSA) Scheme.
 - Promoted the development of **social enterprises** as an innovative approach to promote self-reliance and to provide community employment opportunities for the unemployed to integrate into the job market, through a series of initiatives including promotion and publicity, provision of seed money, launching training initiatives and other facilitating measures.
 - Strengthened collaboration among relevant departments including the Labour Department, Social Welfare Department and Employees Retraining Board in **delivering training and employment assistance**, and enhanced district-based support to the more “difficult to employ”, mainly the low-skilled, low-education and middle-aged workers.
- 11 The objective of future work is to promote self-reliance through employment. Enhancing employability, providing effective employment support, promoting employment opportunities, and providing suitable work incentives remain the four key areas of work.

ENHANCING EMPLOYABILITY

- **Review the provision of training, re-training, skills upgrading and life-long learning** holistically to ensure that they are market-oriented and have taken into account the needs of the unemployed and the working poor.
- **Further strengthen training and retraining efforts**, including making use of the levies collected from the employers of foreign domestic helpers when the resources could be used.

EMPLOYMENT SUPPORT

- Adopt an **integrated approach in the delivery of training and employment assistance** in order to make the best use of the resources available and provide more targeted assistance to the “difficult-to-employ”.
- Review holistically how to achieve the target of “**one-stop shop**” in the provision of employment assistance, so that able-bodied persons, especially those who are “difficult-to-employ”, can access relevant training and employment assistance more easily.

EMPLOYMENT OPPORTUNITIES

- **Promote economic development**, with particular attention to sectors which provide job opportunities for low-skilled workers.
- Support the development of **social enterprises** to assist those who are “difficult-to-employ” to integrate into the job market and capture job opportunities.
- **Strengthen employment support at the district level**, particularly in those districts with stronger needs for more targeted support, coupled with local economy and social enterprise development as well as investment in public works and infrastructural projects.
- Give more attention to social and demographic considerations such as population, employment, supporting facilities and other people-based issues **during the planning process**.

WORK INCENTIVES

- Monitor and review the implementation of the pilot Transport Support Scheme, and consider the appropriate form of **incentives to encourage work**.
- Consider how to provide **suitable support to the able-bodied unemployed and the working poor** so that the system will provide the necessary incentives for those who have the ability to work to springboard to employment and achieve self-reliance.

(III) CHILDREN AND YOUTH

- 12 The Commission has examined the wide range of existing policies and programmes to promote the development of children, with a special focus on the needs of those from a disadvantaged background. The following areas of immediate improvements have been identified -
- **Reinforced support to children and families** (e.g. launching the pilot Comprehensive Child Development Service, strengthening pre-school education), with additional social service support to children and families at risk.
 - Introduced a pilot project “**My STEP**” starting in 2006-07, a special training and enhancement programme which targets unemployed youths who have received CSSA for a long period of time and could not find work or retain a job after going through existing employment programmes.
 - Supported the establishment of a **Child Development Fund (CDF)** as an alternative approach to tackle intergenerational poverty by encouraging development of child-focused personal development plans and trying out asset building among children from a disadvantaged background.
- 13 The objective of future work is to tackle the risk of intergenerational poverty through examining the needs of children and youth at different stages of development, and providing children from a disadvantaged background with necessary support and assistance -

OVERALL

- Adopt a **holistic and family perspective** in policies and measures in assisting children and youth, with particular emphasis on early identification and intervention, evidence-based policy making and intersectoral collaboration.
- Implement the **CDF** and try out an **asset-based model** (including a targeted savings element and a mentoring scheme) which encourages longer-term personal development of children from a disadvantaged background.
- Further develop the CDF into a **longer-term model** to promote child development in Hong Kong after the trial stage, and consolidate different resources and funding sources in order to promote a more child-based, asset-based and family-based model.
- Improve the **impact assessment** of existing efforts on the development of children from a disadvantaged background.
- Make appropriate use of **schools as a platform** to help address the developmental needs of the disadvantaged children, particularly for the “hidden cases”, through collaboration between the social service and the education sectors.
- The work of the **Family Commission**, if set up, should take into account the needs of children and families from a disadvantaged background.

CHILDREN AGED 0 – 5

- **Extend the Comprehensive Child Development Service** to all districts in phases and strengthen follow-up social services support to children and families at risk.
- **Strengthen parent education**, with particular focus on the needs of the disadvantaged and hard-to-reach families.

CHILDREN AGED 6 – 14

- Ensure the **education system** provides opportunities for children to learn and excel regardless of their socio-economic background, and to provide additional assistance to students with weak family support where appropriate.
- Promote school-based and community-based **after school programmes** for primary and secondary students from disadvantaged families, through promoting intersectoral collaboration among schools and non-governmental/local community organisations.

YOUTH AGED 15 – 24

- Strengthen efforts to tackle the problem of **non-engaged youths** and take into account the assessment conducted by the Task Force on Continuing Development and Employment-related Training for Youth.
- Provide a **more intensified form of assistance to youths** who have remained on CSSA for a long period and cannot benefit from existing programmes, and evaluate their needs in order to provide targeted and timely assistance.

(IV) THE ELDERLY

- 14 The Commission has examined with the Elderly Commission the key needs of elders in need, and have identified the following areas for immediate improvements -
- Supported enhancing the outreach programmes to **“hidden” and singleton elders** to link them to the existing network of community support and to encourage their participation in the community.
 - Strengthened the **support to elderly hospital discharges** and their carers through implementing a trial scheme to provide one-stop support services to needy elderly discharges who have difficulty in taking care of themselves and carers’ support and training, with particular attention to the needs of vulnerable elders.
- 15 The Commission supports continued work to strengthen existing support to elders in need, and to prevent poverty among future generations of elders along the following direction -

OVERALL

- Promote **active and healthy ageing** as an integral part of the elderly policy to enhance their quality of life and to enable the elderly to live with dignity.
- Further improve our support systems for the elderly based on shared responsibility and financial sustainability, and consider **more vigorous targeting in using public resources** to take care of the elderly most in need of assistance.
- **Enhance understanding of the problem of the elderly in poverty**, including exploring ways to facilitate further poverty researches and analysis, e.g. the collection of health data or statistics to be taken into account in the longer-term development of a territory-wide health record infrastructure.

SOCIAL NEEDS

- Strengthen efforts to **reach out and identify “hidden” and singleton elders**, bring them out of isolation, and refer those in need to the existing public support network, and better leverage on the existing resources including volunteers to address the needs of the hidden elderly.
- Encourage **social inclusion** and participation of the elderly in the society, and mobilise healthy retirees who are a valuable pool of human resources to help those who are needy in the community.

MEDICAL NEEDS

- Ensure **equitable and affordable access to health care** services and provide a safety net for the poor and vulnerable by putting in place sustainable health care financing arrangements as soon as possible.

- **Strengthen primary healthcare** service for the elderly at the community level, including health promotion and preventive care, and make use of the private doctor network at the community level.
- Improve the accessibility of subsidised medical service for non-CSSA recipients, in particular the elderly, through further improving the **medical fee waiver mechanism**, e.g. further simplify the procedures and lengthen the period waivers of the medical fee waiver mechanism.
- Provide greater relief on **medical fees for needy elders**, whether they are on CSSA or not.

HOUSING AND LONG TERM CARE NEEDS

- Facilitate elderly applicants to apply for public rental housing, and **assist those living in private old buildings** who are owner-occupiers but with low income.
- Provide better **long term planning** on the provision of subsidised residential care places for the elderly as well as community care services in the light of increasing demand from an ageing population.
- **Increase the choices** of quality residential care places and community care services through a combination of measures -
 - consider whether the subsidised residential care service should be **means-tested**;
 - examine means to enable a greater extent of **co-payment of fees** among the individuals, their families and the Government, including a means-tested voucher system and assistance to the needy in selecting different services; and
 - encourage a more robust market comprising quality self-financing and private residential care homes for the elderly providing different services, as well as **multiple sources of financing** from the individuals and their families.
- Encourage **further social enterprise development** in the provision of elderly services.

FINANCIAL NEEDS

- Consider a more **relaxed asset limit for elderly CSSA recipients** on compassionate grounds, without changing the nature of CSSA as a scheme of last resort for those genuinely in need.
- Consider how to provide **financial security** for the future elderly generations as soon as possible, taking into account outcome of the on-going study on the sustainability of the three pillars of retirement protection for Hong Kong, viz. the publicly funded CSSA and Old Age Allowance, the Mandatory Provident Fund schemes, and voluntary private savings.

(V) DISTRICT-BASED APPROACH

- 16 The Commission supported adopting a district-based approach to alleviate and prevent poverty, and supported the following immediate actions -
- Implemented the district-based approach in three pilot districts, and **strengthened the role of District Officers** to encourage collaboration and identify district priorities and strategies.
 - Launched the “**Enhancing Self-Reliance Through District Partnership Programme**” in 2006 to provide additional resources and strengthen the district-based support for the disadvantaged.
 - Provided **additional support to districts** which are relatively less well off through central policies (e.g. through pilot transport support schemes and strengthening employment and training services in the remote districts).
- 17 The objective of future work is to strengthen efforts in tackling poverty in some less well-off districts, through efforts in three directions -

STRENGTHENING CENTRAL SUPPORT TO DISTRICTS

- **Enhance understanding of characteristics and needs of districts**, and take them into account in formulating and implementing policies at the district level.
- Provide **more opportunities to less well-off districts**, including physical infrastructure (community facilities), economic and employment opportunities, and enhanced measures.
- Encourage **district-based initiatives** as necessary supplements to formal services provision through providing additional funding sources, better information dissemination of existing funding sources, as well as rationalising and streamlining different funding sources in the longer-run.
- Put in place **suitable institutional structure** for districts to escalate problems which cannot be dealt with at the district level to the Government so that policy barriers could be removed in a timely manner.

STRENGTHENING INTER-DEPARTMENTAL COORDINATION AT THE DISTRICT LEVEL

- Strengthen the **role of District Officers** to enhance cross-sector collaboration to address district needs; this should be complemented by central policy support.
- Give District Officers a **clearer mandate** to coordinate inter-departmental efforts at the district level on key concern areas relating to poverty alleviation and prevention, in order to better respond to local needs, remove local barriers and achieve greater impact.

STRENGTHENING DISTRICT CAPACITIES

- Encourage districts to **strengthen their capacities** through taking the essential steps in analysing and identifying genuine and unmet local needs, mapping out clear and longer-term directions, engaging stakeholders and encouraging cross-sector collaboration, and evaluating effectiveness of poverty alleviation and prevention programmes.
- Encourage the establishment of **district-based platforms** or mechanisms to identify district needs and responses, comprising of Government officials, NGOs and district leaders.

BUILDING PARTNERSHIPS

- 18 The Commission believes that poverty issues are becoming increasingly complicated and can no longer be satisfactorily resolved by the efforts of any one sector alone. Joint efforts from the community, the Third Sector, the private sector and across the Government are required to search for more sustainable partnerships and innovative solutions. The Commission supports continued effort to foster such partnerships to address the needs of different disadvantaged groups, to build consensus on policy options, to promote better understanding of poverty situation in Hong Kong, to explore more effective mechanisms and models to pool together the resources and expertise of different sectors to build a more inclusive community.

WAY FORWARD

- 19 In order to promote the idea of “From Welfare to Self-reliance” and achieve the objectives mentioned in paragraphs 4 and 5 above, the Commission believes that the Government should re-examine the approach and support structure to assist the able-bodied unemployed and the working poor – to move from a passive approach relying mainly on public assistance to a more pro-employment approach to assist those with abilities to work.
- 20 In terms of agency support, the Commission considers that the Government should adopt an integrated approach in the delivery of training and employment assistance. The future Labour and Welfare Bureau should integrate various services currently provided by the Employees Retraining Board, the Labour Department and the Social Welfare Department in assisting the able-bodied persons to enhance synergy. It should also review holistically, with priority in those districts with more serious unemployment situation, how to achieve the target of “one-stop shop” in the provision of employment assistance, so that the able-bodied persons especially those who are “difficult-to-employ” can access training, life-long learning, employment and financial assistance more easily. Such services are mostly needed in remote areas where there is a lack of job opportunities, e.g. Tin Shui Wai, Tung Chung.

- 21 In terms of structure of support, the Commission considers that the CSSA system has its limitations to promote work and self-reliance. With its comprehensive nature of support and the low wages for low-skilled workers, the CSSA system makes it difficult for able-bodied recipients to leave the CSSA net. While modifying the CSSA system involves complicated issues, the Commission believes that in the longer run, the Government should consider how to provide suitable support to the able-bodied unemployed and the working poor so that while giving a helping hand to the needy, the system would not dampen the incentives for those who have the ability to work to springboard to employment and achieve self-reliance.
- 22 The Commission recognises that tackling poverty requires sustained efforts to identify the needs of the poor systematically, to provide them with timely and appropriate intervention according to their needs, to evaluate the impact of the intervention measures and continue to improve them based on proven results. In order to achieve the greatest impact, there is a need for bureaux/departments involved to make focused effort to take forward poverty alleviation work in the key areas identified and to direct resources to benefit the most needy.
- 23 The Commission notes that the future Labour and Welfare Bureau will be tasked to oversee and monitor the overall progress of poverty alleviation work, and to encourage greater coordination of efforts across the Government to tackle poverty. The Commission considers that the success of future work on poverty alleviation requires commitment among the highest level of Government, and efforts across the Government to work towards common goals. The Commission suggests that the Government should consider an appropriate mechanism to achieve this purpose.