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Paper for the House Committee meeting on 2 June 2023

**Report of the Subcommittee on
Reforming the Poverty Alleviation Policies and Strategies**

Purpose

This paper reports the deliberations of the Subcommittee on Reforming the Poverty Alleviation Policies and Strategies (“the Subcommittee”).

The Subcommittee

2. The Subcommittee was appointed by the House Committee in April 2022 to study measures for narrowing the disparity between the rich and the poor in Hong Kong; put forward improvement proposals for the existing poverty alleviation policies and strategies; follow up the work of the Government’s Commission on Poverty (“CoP”) and make timely recommendations. The terms of reference of the Subcommittee are in **Appendix 1**.

3. Hon Mrs Regina IP LAU Suk-yee and Hon TANG Ka-piu are the Chairman and Deputy Chairman of the Subcommittee respectively. The membership list of the Subcommittee is in **Appendix 2**. The Subcommittee has held a total of five meetings since the commencement of its work in May 2022.

Background

4. The Government’s approach to poverty alleviation is based on the principle of promoting self-reliance through employment by providing education, training and retraining; and for those who are unable to support themselves, it provides appropriate support through a sustainable social security and welfare system with

the aim of building a caring community. In addition, the Government recognizes that public housing policy is an important component of its efforts to promote social stability and economic development, particularly for the grassroots population.

5. CoP plays a critical role in alleviating poverty by advising the Government on poverty-related policies and initiatives. The 2022 Policy Address announced that the current-term Government adopts the new strategy of targeted poverty alleviation. The current term CoP¹, chaired by the Chief Secretary for Administration (“CS”), is tasked with assisting the Government in studying and identifying target groups for poverty alleviation and offering advice and suggestions, thereby helping the Government take forward poverty alleviation policies and measures that can address the specific needs of different underprivileged groups.

Deliberations of the Subcommittee

6. It was announced in the 2022 Policy Address that the current-term Government adopts the strategy of targeted poverty alleviation by directing resources to those most in need. Members have generally expressed support for the new strategy of targeted poverty alleviation. Members have also recognized the Administration’s efforts in identifying three specific target groups for targeted poverty alleviation, namely subdivided unit (“SDUs”) households, single-parent households and elderly households. Based on the analysis of these target groups for poverty alleviation, the Administration is considering a series of targeted poverty alleviation projects, namely focused support for SDU households, support for families in need and care for the elders. The first initiative that adopts the strategy of targeted poverty alleviation is the Strive and Rise Programme (“the Programme”) which focuses on supporting junior secondary school students from underprivileged families, particularly those living in SDUs through tripartite collaboration of the Government, the business sector and the community.

The Strive and Rise Programme to address intergenerational poverty

7. In July 2022, the Administration established an inter-departmental task force, led by CS, to implement the Programme. The Programme aims at lifting junior secondary students from underprivileged families out of inter-generational

¹ The term of office of the current term Commission on Poverty is from 1 January 2023 to 30 June 2024.

poverty by expanding their social networks, developing communication skills, and planning their finances and careers. While members have generally expressed support for the Programme, some of them have raised concerns about its effectiveness and considered it necessary to conduct an assessment of its outcomes at some stage. According to the Administration, pre- and post-programme surveys will be conducted to assess the impact of the Programme on the participating students. This will assist in evaluating the effectiveness of the Programme and making the necessary adjustments to ensure its continued success in lifting underprivileged students out of intergenerational poverty.

8. Noting that the Programme is a tripartite collaboration of the Government, the business sector and the community, members have enquired how the Administration will collaborate with other parties to recruit mentees for the Programme. The Administration has advised that a cross-Bureau Task Force comprising the Labour and Welfare Bureau, Education Bureau and the Home Affairs and Youth Bureau led by CS was set up to steer the formulation of the Programme. The Social Welfare Department has been working closely with the Government Bureaux/ Departments concerned in implementing the Programme.

9. Members have enquired about the credentials of mentors and the possibility of including civil servants as potential mentors in order to expand the pool of available mentors. The Administration has emphasized its commitment to selecting high-quality mentors for the Programme. In the first round of the Programme, priority has been given to mentors with commercial and professional backgrounds. To this end, the Administration has issued invitation letters to sizable organizations and professional associations for nominating mentors with rich life experiences. Members have emphasized the importance of establishing a compatible mentoring relationship to help mentees rebuild self-confidence and set future goals. In response, the Administration recognizes the importance of well-trained mentors who can effectively understand the needs and mindsets of youth, and master the necessary skills and roles of effective mentoring. To facilitate this, professional training will be conducted for mentors, and code of practice/guidelines will also be provided to them. Additional interactive sessions will also be scheduled to enable mentors and mentees to get to know each other better and strengthen their relationship, with a view to maximizing the impact of the Programme.

10. Members have proposed several measures to expand the pool of mentees. These include (a) increasing the mentor-mentee ratio from 1:1 to 1:2, which will double the student quota from 2 000 to 4 000; (b) expanding the target groups of the Programme to cover all underprivileged students including non-SDU

occupants and non-Chinese speaking students; (c) establishing waitlists for mentors and mentees; (d) providing flexible timetables for the activities to suit mentees' schedules as far as possible; and (e) enlisting support from clansmen associations and welfare organizations to help promote the Programme. The Administration has explained that while the Programme aims to help Secondary One to Three students from underprivileged families, particularly SDU occupants, students from diverse backgrounds are also welcomed. To maximize the Programme's impact, one-on-one mentoring is considered ideal for the first round of the Programme and the mentor-mentee ratio will be reviewed in due course. The Administration will consider members' suggestions and make enhancements in the second phase of the Programme.

Housing policy to alleviate poverty

11. Recognizing the significant role public housing has played in poverty alleviation, members have suggested that the Administration should review its housing policies in a targeted manner and develop new long-term policies that will enable people to start their families, unleash productivity, accumulate wealth, get on the housing ladder, and achieve inter-generational co-residence. Members have also called on the Administration to consider adopting Singapore's housing policy, which prioritizes universal homes ownership as a key principle. Given that the Home Ownership Scheme has generated sizable revenue for the Housing Authority ("HA"), members are of the view that the Administration should develop the Scheme to help fulfil people's aspirations of home ownership and ease the demand and waiting time for public rental housing ("PRH").

12. The Administration has advised that the poverty alleviation impact of PRH is notable. Grassroots households in general, if allocated with PRH, will enjoy a significantly improved living environment and reduced housing expenses. This, in turn, can enable wealth accumulation and contribute to poverty alleviation efforts. In view that the provision of PRH is a long-term measure subject to long-term land supply, the current public/private split of 70:30 as set out in the Long Term Housing Strategy will be reviewed and adjusted as appropriate having regard to the changes in land supply and other social factors. The Administration has assured members that it will endeavour to alleviate poverty by ensuring a stable land supply, providing affordable public housing and maintaining an appropriate proportion of public/private housing.

Addressing the housing needs of low-income individuals and households

Measures to help public housing applicants

13. Members have noted that the eligibility for PRH is based on income and asset limits, which are reviewed annually under the existing policy. They have expressed grave concerns that in order to remain eligible for PRH, some two-person households may be forced to work less or remain unemployed, and that some young PRH applicants may have to sacrifice job opportunities, pay raises or career advancement. Such situations pose significant barriers to upward mobility and productivity. To help grassroots individuals unleash their productivity and get onto the housing ladder, members have proposed refining the eligibility criteria for PRH. This will involve making appropriate adjustments to the income and asset limits for PRH applicants, disregarding the cash value of insurance policies as assets, and giving due consideration to applications with income marginally exceeding the limit. Furthermore, members have suggested that grassroots youth be allowed to apply for one-person units in light public housing or Transitional Housing. The Administration has explained that the income and asset limits of PRH applicants are adjusted annually. The income limit has increased by almost 70% over the last decade or so from 2011-2012 to 2022-2023. Under the prevailing policy, grassroots youth who have been waiting for PRH for three years or more can apply for one-person unit in light public housing. The Administration has also advised that it will consider members' suggestion of refining the definition of income and assets as appropriate.

14. Members have raised deep concerns about the rampant abuse of PRH resources. Citing that some PRH households have kept two flats and let or sublet one of the flats to earn extra income, and some others have occupied PRH units despite having exceeded the asset and income ceiling, members have urged for a crackdown on these abuses to ensure that PRH resources are allocated fairly and appropriately. The Administration has advised that to safeguard public housing resources, it is committed to combatting tenancy abuses and taking stringent actions against all abuse cases. Upon identification of suspicious cases or receipt of complaints, the Administration will carry out in-depth investigations. Meanwhile, HA has been cooperating with relevant Government departments to investigate suspected abuse cases and will take enforcement actions whenever necessary.

15. To further advance the allocation of public housing units and shorten the waiting time for PRH, members have called on the Administration to purchase affordable vacant flats in the Greater Bay Area ("GBA") for elderly PRH

applicants/tenants so as to free up the units to other PRH applicants in need. The Administration has advised that the suggestion will have to be assessed with regard to various considerations, including the difficulties of the elderly in adapting to a new environment and the provision of supporting facilities. It will study measures to facilitate elderly persons to live in GBA.

Measures to help occupants of inadequate housing

16. Members have pointed out that due to the inadequate supply of and long waiting time for public housing, some families have to live in cramped and dilapidated SDUs with poor living conditions. Despite the plights of the SDU tenants, the Administration has yet to set a clear target to eliminate SDUs entirely. Members have sought information on the number of households living in SDUs and the timetable for phasing out SDUs, especially those in poor conditions. The Administration has advised that at present there are around 127 500 households in inadequate housing, including those living in SDUs, non-residential buildings and other environments. The Housing Department will liaise with the Buildings Department to strengthen the inspection on SDUs. Before the number of PRHs have reached the supply target, light public housing/ transitional housing can provide an alternative accommodation to SDU occupants.

17. Members are of the view that in order to properly protect SDU tenants, the Administration should formulate measures to control the initial rent, so that landlords cannot hike up initial rent under the first lease. The Administration has responded that it has been collecting rental information on SDUs and will take members' suggestions into consideration as appropriate.

18. Members have also enquired whether the Administration will implement measures, such as legislation, to prevent elderly individuals and children from having to reside in SDUs. The Administration has advised that currently, around 2.5% of the elderly households are living in SDUs and a considerable number of them are on Comprehensive Social Security Assistance. The Administration is studying measures to facilitate elderly persons to live in GBA where the housing and living expenses are considerably lower. As regards avoiding children having to live in SDUs, the Administration has explained that the circumstances of individual families need to be carefully considered. It will seek to increase the supply of public housing to minimize the number of people living in inadequate housing on the one hand, and provide relief measures as far as practicable while they are queuing for public housing.

19. Members have pointed out that due to the long waiting time for PRH, some grassroots families may turn to squatter structures as a temporary solution for their housing needs. In the absence of a development plan or safety concerns, large-scale clearance of squatter areas will not only be disruptive to the occupants but will also lead to substantial resource implications arising from land resumption, rehousing and land administration. Members have suggested that the Administration should review its policy on squatter structures to address the long- and short-term housing needs of the grassroots. The Administration has responded that it will relay the suggestion to the Development Bureau for consideration.

Support for families in need

20. Members have noted that the Administration will make use of the venues provided by 50 primary schools for after-school care service under the On-site After School Care Service Pilot Programme, and have enquired about the criteria used for selecting these schools. Some members have suggested consideration should be given to using university campuses in urban areas as potential venues for providing after-school care service for children living in SDUs. According to the Administration, schools located in districts with a high concentration of SDUs or grassroots households will be considered as venues for provision of after-school care service. The Administration will also implement the community living room project, which will provide additional living space, including areas for children from SDU households to do their homework.

21. Members have expressed concern that the on-site after-school care service, which is mainly provided on weekdays, may not be able to render assistance to parents who have taken up part-time jobs on weekends and public holidays. Members have suggested that the Administration should consider providing after-school care service on weekends and public holidays to better accommodate the needs of these parents. While acknowledging the resource constraints, members have further suggested that the Administration may allocate some of the existing service places to after-school care service provided on weekends and public holidays. The Administration has advised that it will consider the suggestion.

Care for elderly and other vulnerable groups

22. Members are of the view that apart from meeting the material needs of the target groups, the Administration should also attend to their non-material needs, especially the emotional needs of the elderly, young people and children. The

Administration should effectively evaluate their overall quality of life by analyzing their participation in leisure/social activities, tutorial classes and training programmes, as well as their eligibility for public healthcare services, among others. Members also consider that the Administration should pay more visits to districts to understand the plight and needs of the poor. In response, the Administration has pledged to work towards building a more caring community and will arrange for more visits to different districts in collaboration with members of the CoP to gain a deeper understanding of the needs of these groups.

Other poverty alleviation strategies

23. Members have suggested that the Administration should consider introducing legislation on poverty alleviation to establish a clear policy framework, well-defined objectives and an accountability and review system for poverty alleviation strategies and policies. The Administration has stated that it has no plan at this stage to introduce such legislation on poverty alleviation.

24. Recognizing that under-employment and low income are some of the major causes of poverty, members have enquired whether the Administration will formulate macro policies aimed at increasing the wage levels of the grassroots. Some members have also expressed concern that as the importation of labour may negatively impact the wage levels of local workers, thereby undermining the effectiveness of the poverty alleviation measures; hence, the thresholds for importing labour should not be too lenient.

25. The Administration has advised that helping people to secure employment is an effective measure to alleviate poverty. However, the ability of job seekers to obtain employment and earn a decent income is contingent upon various factors, including the economic situation and the skills and abilities of the job seekers. The Administration will strive to boost the economy and assist people, particularly low-skilled middle-aged workers, in improving their skills and qualifications to increase their employability. In response to members' suggestion of setting a "living wage", the Administration has explained that as people in need have been provided with different kinds of subsidies, it will be difficult to set a "living wage".

Participation of the community in poverty alleviation

26. Members have pointed out that many Chinese enterprises in Hong Kong have dedicated resources to dovetail with the Government's poverty alleviation work. Likewise, many national enterprises on the Mainland have collaborated with poverty-stricken provinces to implement poverty alleviation measures.

Members have proposed that the Administration should study these approaches and draw on their experience and strategies to effectively reduce poverty in Hong Kong. Members have further proposed that the Administration should collaborate with these enterprises to address the needs of specific vulnerable groups, further leveraging their expertise and resources. The Administration should also leverage the strengths of the community to participate in poverty alleviation efforts, in addition to establishing the District Services and Community Care Teams (“Care Teams”) in the 18 districts. This can help promote public awareness and recognition of the involvement and contributions of various sectors in poverty alleviation, fostering a sense of shared responsibility in the community towards poverty reduction.

27. The Administration has explained that the strategy of targeted poverty alleviation aims to support the poor population through the tripartite collaboration of the Government, the business sector and the community. This approach involves making effective use of the resources provided by private corporations, non-government organizations (“NGOs”), social enterprises, volunteer groups, and other community stakeholders, while also enhancing public awareness and understanding of poverty alleviation efforts through targeted publicity initiatives. In addition to the Care Teams, other existing platforms are already in place to provide assistance for persons in need. For example, a total of 213 District Elderly Community Centres (“DECCs”) and Neighbourhood Elderly Centre throughout the territory are providing community support services to around 250 000 elderly people. Additionally, plans are underway to establish 16 new DECCs, which will further enhance the availability of community support services for the elderly population.

Measuring poverty

28. Members have expressed concern about the approach in measuring poverty, specifically whether the current poverty line, which has certain limitations², will continue to be used. According to the Administration, it will review the poverty line analytical framework, taking into account the limitations of the current poverty line. Such review will be carried out by CoP.

² The poverty line only takes household income as the sole indicator which may lead to possible overestimation of the poverty situation. Moreover, since the poverty line is formulated based on the concept of relative poverty, poor households will always exist under relative poverty before policy intervention regardless of the effectiveness of poverty alleviation work.

29. Pointing out that the Gini coefficient, which is a useful indicator of disparity between the rich and the poor, has not been updated since 2016, members have enquired about the Administration's plan to update this figure to reflect the current state of income inequality in society. The Administration has advised that the Census and Statistics Department is compiling the latest Gini coefficients based on the results of the 2021 Population Census and the figures would likely be released this year.

Evaluating the effectiveness of poverty alleviation measures

30. Members have enquired about whether the Administration will evaluate the effectiveness of its poverty alleviation measures, and whether key performance indicators ("KPIs") will be set for these measures. The Administration has advised that it will adopt a multi-dimensional approach to monitor the situation of different target groups, beyond just tracking their income. This approach will enable the Administration to assess whether the living needs of these groups are being met, and if not, to identify the reasons why and provide appropriate assistance. Additionally, the Administration plans to establish KPIs for relevant targeted poverty alleviation projects. These KPIs will enable the Administration to evaluate the effectiveness of poverty alleviation initiatives, compare changes of beneficiaries before and after participating in these projects, and monitor the progress of poverty alleviation efforts.

31. Members have proposed several measures to enable the Administration to test and refine its poverty alleviation strategies more effectively. These include developing a central database for needy groups to track their poverty situation to enable better coordination of in-kind assistance provided by different government departments, private organizations and NGOs; compiling a checklist on the basic needs of target groups; and establishing outreach teams to regularly visit these groups and assess whether their situations have improved. Members have also recommended that Kwun Tong District, a poverty-stricken district with many PRH tenants, be used as a pilot district for the outreach teams.

32. The Administration has explained that it will review members' suggestion of developing a database, taking into account the electronic platform used in Guangzhou for elderly individuals requiring home-based care services. However, it should be noted that the database may not be able to fully capture comprehensive information on all needy groups, particularly those hidden families and elders who may not be easily identifiable. To address this, the Administration will explore how community networks can help identify these hidden individuals and ensure that poverty alleviation efforts are more targeted and effective.

Recommendations

33. The Subcommittee recommends that the Administration should:

- (a) address intergenerational poverty by evaluating the effectiveness of the Strive and Rise Programme, expanding the pool of mentees through various ways, increasing the mentor-mentee ratio, as well as ensuring a compatible mentoring relationship to help mentees rebuild self-confidence and set future goals;
- (b) address the housing needs of the grassroots through reviewing the housing policies in a targeted manner and developing new long-term policies that will enable people to start their families, unleash productivity, accumulate wealth, get on the housing ladder, and achieve intergenerational co-residence;
- (c) tackle rampant abuse of public housing resources and allocate such resources to those with the greatest housing needs;
- (d) purchase some affordable vacant flats in GBA for elderly PRH applicants/tenants to free up the units to other PRH applicants in need;
- (e) set a clear target to eliminate SDUs entirely, and formulate measures to control the initial rent to properly protect SDU tenants;
- (f) review the policy on squatter structures to address the long- and short-term housing needs of the grassroots;
- (g) provide after-school care service on weekends and public holidays, and make use of the university campuses in urban areas as potential venues for providing after-school care service for children living in SDUs;
- (h) attend to the non-material needs of the poor, especially the emotional needs of the elderly, young people and children by analyzing their participation in leisure/social activities, tutorial classes and training programmes as well as their eligibility for public healthcare services, among others;
- (i) study the approaches adopted by the Mainland in poverty alleviation by engaging enterprises to dedicate resources and efforts to poverty alleviation, as well as leverage the strengths of the community to foster a sense of shared responsibility towards poverty reduction; and

- (j) put in place measures for effectively evaluating its poverty alleviation measures by establishing KPIs for the poverty alleviation measures, developing a central database for the needy groups to track their poverty situation, compiling a checklist on the basic needs of the target groups, and establishing outreach teams to regularly visit these groups.

Advice sought

34. Members are invited to note the deliberations and recommendations of the Subcommittee.

Council Business Division 2
Legislative Council Secretariat
31 May 2023

Subcommittee on Reforming the Poverty Alleviation Policies and Strategies

Terms of Reference

To study measures for narrowing the disparity between the rich and the poor in Hong Kong, put forward improvement proposals for the existing poverty alleviation policies and strategies, follow up the work of the Government's Commission on Poverty and make timely recommendations.

Subcommittee on Reforming the Poverty Alleviation Policies and Strategies

Membership list*

Chairman Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP

Deputy Chairman Hon TANG Ka-piu, BBS, JP

Members Hon Steven HO Chun-yin, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon LUK Chung-hung, JP
Hon Doreen KONG Yuk-foon
Hon Stanley LI Sai-wing, MH
Hon Stanley NG Chau-pei, SBS
Hon LAM Chun-sing
Hon CHAN Pui-leung
Hon Sunny TAN
Hon CHAN Hoi-yan
Hon Benson LUK Hon-man
Hon TANG Fei, MH
Hon Kenneth FOK Kai-kong, JP
Dr Hon NGAN Man-yu
Hon YIM Kong

(Total : 18 members)

Clerk Ms Joyce KAN

Legal Adviser Miss Dorothy YUNG

* Changes in membership are shown in Annex to Appendix 2.

Annex to Appendix 2

Subcommittee on Reforming the Poverty Alleviation Policies and Strategies

Changes in membership

Member	Relevant date
Prof Hon Nelson LAM Chi-yuen, JP	Up to 18 June 2022
Dr Hon Stephen WONG Yuen-shan	Up to 26 December 2022

For **changes in LegCo Membership**, please refer to the link below:
(<https://www.legco.gov.hk/en/members/legco-members/changes-in-legco-membership.html>)