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EXECUTIVE SUMMARY

BACKGROUND

- 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.
- 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.
- 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

- 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.

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

- 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

- 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 socioeconomic 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 middleaged workers.
- 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 dischargees** and their carers through implementing a trial scheme to provide one-stop support services to needy elderly dischargees who have difficulty in taking care of themselves and carers' support and training, with particular attention to the needs of vulnerable elders.
- 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

- 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.

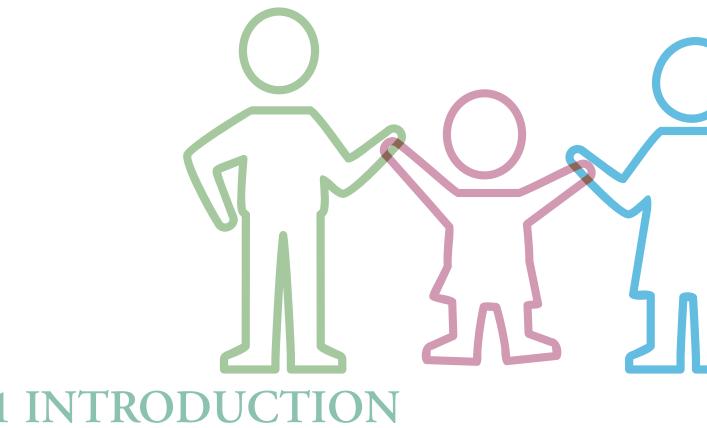
BUILDING PARTNERSHIPS

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

- 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.
- 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.

- 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.
- 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.
- 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.



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.
- Despite the general affluence, poverty is ranked among the top concerns by the public and has presented some major challenges for our society -
 - Rising income poverty and disparity: In the past decade, the number of persons living (i) 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 selfreliance.
 - 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*.

2 UNDERSTANDING POVERTY



POVERTY IN THE PUBLIC POLICY AGENDA

- 2.1 While assisting the needy has long been an established part of Hong Kong's public policy, the establishment of the Commission has brought forth the concept of poverty as a public policy matter.
- 2.2 However, identifying who are the poor, assessing the causes of poverty and considering the appropriate policy tools to assist people move out of poverty is not at all straightforward. In an affluent city like Hong Kong, poverty can no longer be understood simply by the concept of absolute poverty¹ or the lack of ability to afford minimum subsistence.
- 2.3 Besides "income poverty", access to essential services and opportunities (e.g. housing, health, education, employment) is of critical importance to the livelihood of the poor. The family and socio-economic background of the individuals involved is also closely interrelated to their poverty situation.
- 2.4 Hence, understanding poverty requires more than relying on a poverty line to measure income poverty, but a contextual understanding of the needs of the individuals and their families concerned. Given the broad range of financial assistance and support already in place, it is more important to identify the specific needs of different disadvantaged groups and the nature and risk of poverty, and to address them through specific policy measures.

WORK OF THE COMMISSION

One of the first tasks of the Commission is to examine the relevant data and needs of different disadvantaged groups, in order to enhance the general understanding of the poverty situation in Hong Kong. Reference has been drawn to the following -

- (a) A set of Indicators of Poverty which adopts a multi-dimensional approach to monitor the poverty situation in Hong Kong over time;
- (b) A study on the Effect of Taxation and Social Benefits on Household Income Distribution to improve the understanding of economic well-being of low-income families vis-à-vis other income groups;
- (c) A study on Earnings Mobility and Intergenerational Earnings Mobility in Hong Kong over the period 1996 2005; and
- (d) Relevant analysis on the situation of income disparity in Hong Kong.

INDICATORS OF POVERTY

- 2.5 In order to enhance our understanding of poverty, the Commission has reviewed relevant local and overseas experience. A set of indicators of poverty has been compiled to reflect the key needs (viz. income, education/training, employment, health, living conditions and community/family support) of people in the following three major age groups -
 - Children and youth;
 - Working people aged 15-59; and
 - Elders.

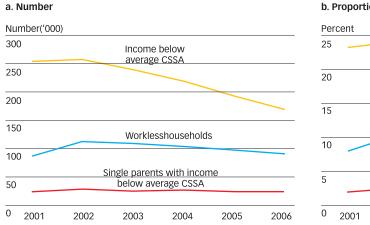
A number of community indicators have also been compiled to shed light on people's well-being on a district basis. A full set of the poverty indicators is at Appendix (i) ².

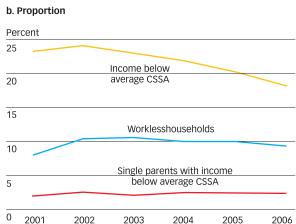
Children and youth (aged 0-14 / 15-24)

- 2.6 A number of indicators relating to income and family support, employment and living conditions, education and training relevant to the poverty risk of children and youth are selected. These indicators point to a general improvement in the poverty indicators over the past three years, on the back of sustained strong economic growth.
- 2.7 Performance of the selected key indicators is highlighted below -
 - (a) Households with income below average CSSA payment are generally perceived as low-income or poor households. In 2006, there were 169 100 children (aged 0-14) living in such households, representing 18.1% of the population of this younger age group (*Chart 1*).

(b) In tackling intergenerational poverty, employment of parents is considered an important factor to reduce poverty risk of the children. It is obvious that the number of children living in workless households went down from 99 000 in 2005 to 90 400 in 2006, representing 9.7% of the children population. Among those children living in low-income households, 37% of them were also living in workless households. However, 31% of the children living in workless households were in fact living in households with income above average CSSA payment (*Chart 1*).

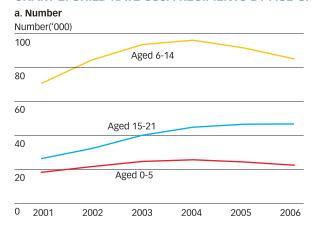
CHART 1: CHILDREN LIVING IN POOR HOUSEHOLDS

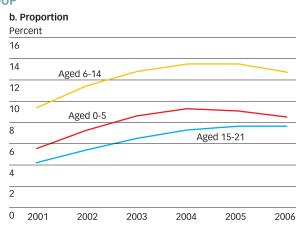




- (c) Among children living in low-income households, those with single parent deserve focused attention. This particular group of children edged down from 24 500 in 2005 to 23 100 in 2006, accounting for 2.5% of the children population (*Chart 1*).
- (d) In line with the declining trend of total CSSA caseload, the number and proportion of children (aged 0 14) receiving CSSA has decreased in 2006. Meanwhile, the uptrend observed for youth (aged 15-21) receiving CSSA in the past several years has shown signs of levelling off in 2006 (*Chart 2*).

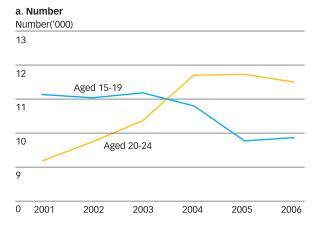
CHART 2: CHILD RATE CSSA RECIPIENTS BY AGE GROUP

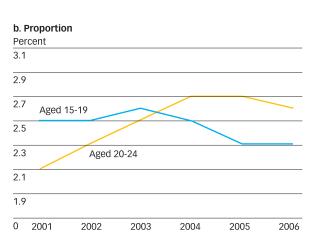




- (e) In terms of housing, the living conditions of children show signs of improvement. Specifically, the number of children living in private temporary housing and shared units reduced from 14 700 in 2005 to 13 400 in 2006, accounting for 1.4% of the children population.
- (f) In terms of education and training, the proportions of youth who remain in education after the nine-year universal education and who have attained tertiary education are on a continuous uptrend. In 2006, about 84% of the youth aged 16-19 were still receiving education and 55% of those aged 20-24 were with tertiary education. The proportion of non-engaged youth (i.e. those who are not receiving education or training, and not actively seeking employment) aged 15-19 remained stable at 2.3%, while that for 20-24 edged lower to 2.6% of the respective age groups (*Chart 3*).

CHART 3: NON-ENGAGED YOUTH BY AGE GROUP





Working population (aged 15-59)

2.8 For people generally at working age, the primary concern is whether they are in employment. For those who are, the concern is how many of them belong to the working poor (i.e., engaged in jobs with very low earnings). As for those who are not, especially for a long duration, they are more likely to fall into or trap in poverty as they would generally face greater difficulties in getting re-employed.

- 2.9 Against this consideration, performance of the key indicators is highlighted below
 - (a) The recent sustained improvement in the labour market has benefited some of the jobless households as well. But there are still some other households which are experiencing great difficulties in getting at least one person back in employment. This could be due to occupational and regional mismatch, health reasons, or the need to take care of children or the elderly in the family. Among the 4.49 million working population aged 15-59, 449 500 or 10.0% of them lived in low-income households and 266 200 or 5.9% lived in workless households in 2006 (*Chart 4*). As in the case of indicators for children, the improvement in the indicators for working population aged 15-59 was more visible among persons living in low-income households than in workless households.

CHART 4: WORKING POPULATION LIVING IN WORKLESS HOUSEHOLDS AND LOW-INCOME HOUSEHOLDS

a. Number	b. Proportion
Number('000)	Percent
700	16
600	14
Households with income below average CSSA payment	Households with income below average CSSA payment
400	10
	8
300 Workless households	6 Workless households
200	4
100	2
0 2001 2002 2003 2004 2005 2006	0 2001 2002 2003 2004 2005 2006

- (b) Along with continued improvement in the labour market over the past three years, unemployment eased notably further in 2006. The number of unemployed persons aged 15-59 was reduced to 167 800 and the corresponding unemployment rate to 4.8%. In particular, the number of persons unemployed for six months or longer dropped significantly to 44 900 from 60 000 a year earlier. The former represented a long-term unemployment rate of 1.3% (*Chart 5*).
- (c) In terms of income from employment, it is worth noting that the number and proportion of full-time employed persons aged 15-59 with monthly employment earnings less than 50% of the median increased from 155 800 and 5.9% in 2005 to 213 600 and 8.0% in 2006 (*Chart 5*). This is due in part to the increased availability of full-time low-paid jobs for previously underemployed workers, especially those in

a. Unemployment rate

2

0 2001

elementary occupations, on the back of the sustained economic upturn. The rise in the overall median employment earnings to \$10,500 from \$10,000 over the same period also partly contributed to this.

CHART 5: UNEMPLOYMENT RATE AND LOW-INCOME FULL-TIME EMPLOYED PERSONS

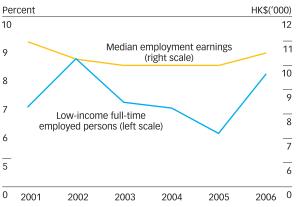


Unemployed for 6 months or more

2002

Unemployed for 12 months or more

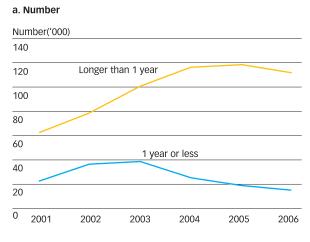
b. Proportion of employed persons aged 15-59 working 35 hours or above per week and with monthly employment earnings less than 50% of the median

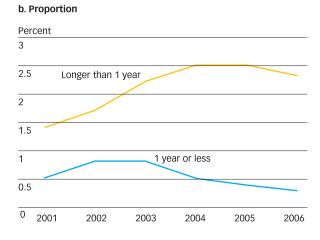


(d) Turning to the 128 200 adult able-bodied CSSA recipients at end 2006, they accounted for 2.6% of the population aged 15-59, down from 2.9% at end 2005. Among them, 88% were CSSA recipients for more than one year. Although marginal improvements were observed for this group, improvements of much greater magnitude were seen among those who had been on the scheme for less than one year (*Chart 6*). This points to the importance of offering assistance and support to recipients of unemployment CSSA at an early stage to help them leave the welfare net.

2006

CHART 6: ADULT ABLE-BODIED CSSA RECIPIENTS AGED 15-59

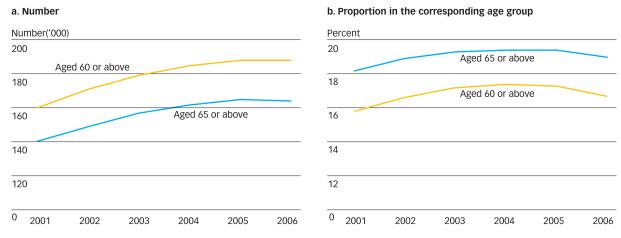




The elders (aged 60 or above)

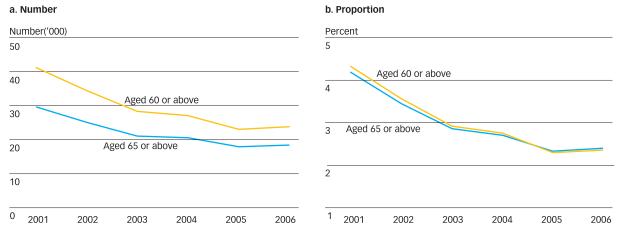
- 2.10 For the elders, the main concerns involve their health and medical care, financial and housing needs. Key statistics are summarised below -
 - (a) At end 2006, the number of elderly CSSA recipients aged 60 or above remained broadly stable at 187 800, while their share in the population of corresponding age group edged down to 16.7% (*Chart 7*).
 - (b) In respect of the medical fee waiver under public hospitals and clinics⁴, there were 8 026 elders eligible for this concessionary treatment, representing 0.7% of the old-age population.





(c) Living conditions of the poor elderly held broadly stable. In 2006, there were 24 000 elders living in private temporary housing or shared units, representing 2.4% of the elder population (*Chart 8*).

CHART 8: ELDERLY PERSONS LIVING IN PRIVATE TEMPORARY HOUSING AND PRIVATE SHARED UNITS



Community

- 2.11 In addition to the eighteen indicators relating to the vertical breakdown of the poor into different age groups, there are also six indicators relating to the horizontal breakdown by districts, yet with households instead of individuals as the basis of analysis.

 For instance -
 - (a) Among the 18 districts, 9 districts registered improved employment earnings. 13 recorded increased household income and 16 displayed lower unemployment rate in 2006. The Central and Western, Wan Chai, Kowloon City, Kwun Tong, Sha Tin and Sai Kung districts were the ones with improvements in all the three indicators.
 - (b) Taking all the districts together, the overall median monthly employment earnings and household income increased respectively from \$10,000 and \$16,000 in 2005 to \$10,500 and \$16,700 in 2006. Also, there were 221 000 low-income households, 175 200 workless households and 21 900 single-parent low-income households in 2006, representing 10.0%, 7.9% and 1.0% respectively of the total number of domestic households.
 - (c) Among the 18 districts, Kwun Tong and Sha Tin had all the six indicators improved in 2006, Central and Western, Tai Po and Sai Kung districts attained improvements in five of them. Concurrently, 7 districts saw improvements in four indicators, including Eastern, Wong Tai Sin, Kwai Tsing, Tsuen Wan, Tuen Mun, Yuen Long, and North districts. The performance was less remarkable for Yau Tsim Mong and Islands, where only one indicator improved.
- 2.12 These macro poverty indicators are meant to give an overview of how the poverty situation evolves over time. By giving prima facie suggestions of areas deserving focused study, they provide useful reference to bureaux and departments for policy formulation and enforcement in their respective areas. Yet these indicators should be supplemented by other relevant data and information to facilitate more detailed policy planning and implementation of specific measures.
- 2.13 The Commission notes that these indicators may be further improved, taking into account the changing needs of the society. There is also a need for the Government to pay more conscious efforts to collect relevant data. For instance, health is important indicator relevant to the general well-being of individuals as well as their ability to enhance capacities and to work. The Government should examine ways to facilitate the collection of data and statistics for the purpose of tracking different social groups and enhancing relevant researches, 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.

2.14 In terms of the indicators relating to the community, some Commission members have suggested that additional indicators or studies should be introduced to reflect the strength of community networks, since the density of social capital and the degree of participation of the disadvantaged group in the community are also closely linked to their well-being as a member of the society and their ability to access to essential assistance and services. While members note that measuring the concepts would not be easy, such efforts should be encouraged in the future.

UNDERSTANDING THE FACTS ABOUT THE POOR

- 2.15 The most common response to the question: how many poor people are there in Hong Kong, is often based on the concept of income poverty. Certainly, a reasonable level of income is essential for an individual to have a decent standard of living. Some use a percentage (50% or 60%) of the median income as a yardstick to measure income poverty. In the context of Hong Kong, the Commission considers that using the average payment under the CSSA Scheme as the benchmark for delineating whether an individual is living in poverty is more appropriate, since the payment level is widely used and recognised as the threshold where the basic living requirements in our community can be met.
- 2.16 The number of persons aged 0 59 living in households with income below average CSSA payment has decreased from 692 800 in 2005 to 618 600 in 2006, whereas the size of the poor elderly is estimated to remain unchanged at 204 200⁶. Taking together, the "poor" population in Hong Kong is estimated to be around 822 800 (*Chart 9*).

CHART 9: ESTIMATED "POOR" POPULATION IN HONG KONG

Number('	000)					
1200	Total					
	985 300	1 042 500	1 020 200	970 800		
1000		0.47.000			897 000	200 200
	794 000	847 200	822 100	767 100		822 800
800		Persons age	d 0-59 living in househo	olds with	692 800	(40, (00
			elow average CSSA pay			618 600
600						
400						
	191 200	195 300	198 100	203 700	204 200	204 200
200	Poor elderly					
0	2001	2002	2003	2004	2005	2006

2.17 While the figure is useful for general monitoring purpose, it alone cannot help us size up the actual poverty situation in Hong Kong. Many of the 822 800 persons are already receiving CSSA, or other financial assistance or in-kind services (e.g. housing, education, health and other social services). In order to understand the impact of our public policies and measures on household income distribution, in particular on the lower-income groups, a more in-depth assessment is called for (see paragraphs 2.18 – 2.23).

Effect of taxation and social benefits on household income distribution⁷

- 2.18 At the recommendation of the Commission, the Census and Statistics Department conducted a study on the effect of taxation and social benefits on household income distribution based on the data collected from the General Household Survey (GHS) in 2005. To this end, the concept of post-transfer income (after taking into account taxation and social benefits provided by the Government) in addition to gross income is employed in studying the economic well-being of households.
- 2.19 Before adjustment, it was observed that the 10% of households with the highest income (those in the highest decile group) accounted for 39% of total income, in stark contrast to 0% for households in the lowest decile group. After adjustment, it was noted that the post-transfer household income increased across all decile groups, except for the highest one.
- 2.20 As a result, the share of income for the highest decile group decreased from 39% to 31% on an adjusted basis, while that for the lowest decile group increased from 0% to 3%. The study also found that the lowest two decile groups received 32% of the imputed total selected social benefits and cash transfer, and their post-transfer household income increased substantially.
- 2.21 Thus, the impacts of taxation and social benefits varied among different income decile groups. In general, the higher the level of household income, the smaller was the amount of social benefits received by the households concerned.
- 2.22 It is also noteworthy that among the various types of income, income from work / investment is the most important in helping those with working abilities to move out of poverty. On the other hand, cash transfer, taxation and social benefits have a redistributive impact and assist households in the lower decile groups to meet the basic requirements of daily living such as education, housing and medical needs.
- 2.23 Further to the above study, the Census and Statistics Department is conducting an in-depth analysis on income disparity in Hong Kong and how public policies impact on income distribution, based on the more comprehensive data collected via the 2006 Population Bycensus. A Thematic Report on the subject will be released to the public in mid-2007.

Earnings mobility⁸

- 2.24 Analysis of poverty should not be limited to the current situation. Its scope should be expanded to cover opportunities for future social mobility and intergenerational mobility. This is also in line with one of the key core values existing in Hong Kong that there are opportunities in the society for those who, through their own efforts, can make the best of their abilities to improve living standards over time.
- 2.25 The Hong Kong Institute of Economics and Business Strategies of the University of Hong Kong has conducted a study on earnings mobility and intergenerational earnings mobility in Hong Kong over the past decade or so. The study found that labour earnings in Hong Kong were generally mobile for the period 1996 2005. Workers who possessed the capability and were willing to work hard were able to move up the earnings ladder, regardless of their initial income level. On the other hand, individuals who had not enhanced skills in step with the evolving work requirements were more likely to move down or else trap in the lower end of the earnings ladder.
- 2.26 Compared with the findings of an earlier study covering the period 1991 2000, earnings mobility however decreased in both directions in overall terms as well as across virtually all types of workers in 1996 2005. While upward mobility might have been restrained during 1996 2005 as the Hong Kong economy was suffering from a series of setbacks including the property slump and prolonged deflation following the Asian financial crisis in 1997, the global economic downturn and outbreak of SARS in 2003, downward mobility was also reduced notwithstanding that the economy was hard hit by the turmoil.
- 2.27 Intergenerational poverty was not found to be prevalent among those studied, as 87% of the children with their fathers in the lowest earning quintile group were found to have moved up from the bottom quintile group. While a positive correlation was observed with regard to intergenerational educational attainment, those children whose fathers had lower educational attainment of only primary level still had fairly good opportunities to receive secondary or higher education, with the chance being estimated at more than 91%.
- 2.28 From a policy perspective, education remained highly effective in reducing the likelihood of being trapped in the low-income group, particularly for young people. In a general sense, education was also a key to enhancing upward earnings mobility and reducing the downward mobility. The Commission supports the direction as recommended by the study for the Government to continue investing heavily in education as a means to enhance upward earnings mobility and strengthen an individual's ability to break away from intergenerational poverty.
- 2.29 The Commission notes that a socially mobile society coupled with economic dynamism offers the best solution to poverty. The Commission supports further efforts to track the situation of social and earnings mobility in Hong Kong. Consideration should also be given to carrying out longitudinal studies on children and other major vulnerable groups.

Income disparity9

2.30 Concerns about poverty stem not only from the size of the poor population, but also from the widening income disparity in Hong Kong. Many use the Gini Coefficient¹⁰ to reflect the enlarged income disparity in the local community. The Gini Coefficient rose from 0.451 in 1981 to 0.525 in 2001.

GINI COEFFICIENT OF HONG KONG BETWEEN 1981-2001

	1981	1986	1991	1996	2001
Gini Coefficient	0.451	0.453	0.476	0.518	0.525

- 2.31 In order to have a more accurate understanding of the above data, there is a need to take into account
 - (a) the impact of taxation and social benefits which have an important impact on income distribution; and
 - (b) other demographic, social and economic factors which affect the trend of the coefficient.
- 2.32 In relation to (a), the Census and Statistics Department has taken this into account in the analysis of income disparity in Hong Kong, based on the more comprehensive data collected via the 2006 Population By-Census. A Thematic Report on the subject will be released to the public in mid-2007.
- 2.33 In relation to (b), the Government Economist has conducted analysis of the relevant data and underlying factors. One major factor affecting household income and its distribution pattern is the ongoing change in family structure towards small and nuclear families, which has in turn led to a progressive decline in the average household size. As household income depends partly on the household size and in particular on the number of working members, a decline in average household size would normally pose a drag on household income, especially among the lower-income households.
- 2.34 Further analysis indicates that the rapid increase in small households, particularly those comprising elderly persons, is a major factor contributing to the increase in low-income households in recent years. Most of these elderly are retirees, who are living on their own savings and/or financial assistance from the Government or other family members not living with them. If the elderly people were still living with their children or grandchildren, many of the households involved would probably not be statistically counted as low-income households.

- 2.35 Disparity in income between the highly educated and highly skilled workers and the less-educated and low-skilled ones should also be understood in the context of gloablisation and the economic restructuring in Hong Kong. Hong Kong is a small, open economy. In the face of challenges and opportunities brought by globalisation and rapid economic development in the Mainland, Hong Kong has been continuously undergoing restructuring towards higher value-added activities so as to sustain economic vitality and competitiveness. During this transformation and upgrading process, many high-income jobs are being created along with enhancement of the quality of our workforce.
- 2.36 These developments have affected the income distribution in Hong Kong in the following ways:
 - (a) The income disparity between high-income and low-income jobs is widening.
 - (b) The proportion of high-income workers increases, thereby enlarging the income gap.
 - (c) The income disparity among the high-income earners themselves has also increased.
 - (d) The income of lower-income workers as a whole will gradually decrease when they reach middle age, whereas the income of middle-aged workers with higher salaries is likely to continue to increase. Thus, income disparity will tend to further widen with the ageing of the population.
- 2.37 The prolonged economic downturn in Hong Kong during 1998 to 2003 is another factor contributing to the slowdown in employment earnings among low-income workers in recent years. Unemployment, underemployment and pay cut were more commonly seen in this group than in the higher income group during this period of corporate downsizing and cost cutting, thus leading to a widening of the income gap. This notwithstanding, the more recent statistics show that although employment earnings of lowincome workers are still considerably lower now than in 1997, there has been a notable upturn in employment income among many low-income earners since mid-2003, alongside the strong economic rebound and increasing employment opportunities at the lower segment of the labour market.

DIRECTION FOR FUTURE WORK

2.38 Poverty is a complex issue and cannot be fully understood by a simplistic measurement of income poverty. In the absence of proper contextual analysis, primary income data may lead to misinterpretation and misunderstanding. In analysing the poverty situation in Hong Kong, there is a need to look beyond the income statistics, to understand the needs of the individuals and their families, their socio-economic background, as well as the wider economic, social and demographic changes taking place in Hong Kong.

- 2.39 This chapter highlights some of the work of the Commission in enhancing the general understanding of the poverty situation in Hong Kong. The Commission has also conducted other policy-specific researches and studies which would be elaborated in the other chapters of this report.
- 2.40 The work of the Commission represents a good first step in coordinating the efforts of the relevant bureaux and departments, together with the NGOs and other stakeholders, to have a thorough examination and discussion of the major issues related to the poverty situation in Hong Kong, focusing in particular on the needs of specific disadvantaged groups.
- 2.41 Against the background, the Commission recommends that the Government should -

INDICATORS OF POVERTY

- Monitor and track the indicators of poverty, and where appropriate improve them taking into account the changing needs of the society (*Paragraphs 2.12-2.13*).
- Draw reference from 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 (*Paragraph 2.12*).

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 in order to ensure our public policies and measures are assisting those in need (*Paragraph 2.18-2.23*).
- Track the situation of social and earnings mobility in Hong Kong, and carry out longitudinal studies on children and other major vulnerable groups (*Paragraph 2.29*).
- Develop indicators or conduct studies to reflect the **strength of community networks** in the future (*Paragraph 2.14*).
- 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 (*Paragraph 2.13*).



PROMOTING SELF-RELIANCE THROUGH EMPLOYMENT

- 3.1 For the poor with the ability to work, employment is core to alleviating poverty and achieving self-reliance. Not only does employment bring income and improve material well-being, it also enhances the self-respect of the individual, encourages participation in the community and instils a positive role-modelling for the younger generation. There is a fairly strong consensus in the community for promoting work and self-reliance instead of assisting the able-bodied through welfare.
- 3.2 Revitalising the economy to promote employment and improving people's livelihood has been an integral part of the Government's public policy. As the economy continues to revive, we witness extensive improvements in the labour market in recent years, with the unemployment rate falling across almost all major sectors, age groups, and occupational categories, thereby benefiting even workers in the lower segment. Yet, the unemployment rates in certain sectors, most notably in the construction industry, remain high. Despite improvement in wages and household income in overall terms, there remain a significant number of low-income employees and households whose well-being deserve our concern and focused attention.

WORK OF THE COMMISSION

Employment covers wide policy areas cutting across a number of policy bureaux and departments. There are various incentives/disincentives ("push" and "pull" factors) which are relevant to encourage employment and need to be examined holistically. The major direction of CoP's work is as follows -

- analysing the issues relating to employment and poverty alleviation and identifying the key challenges;
- examining existing government policies and measures and identifying areas for improvements;
- promoting new approaches and building partnerships to assist those who are "difficult-to-employ", mainly the low-skilled, low-education and middle-aged workers.

THE KEY CHALLENGES

3.3 The Commission has conducted an examination of the relevant data and issues relating to employment and poverty alleviation. Some of the key challenges are highlighted below –

Changing nature of labour demand: The Hong Kong economy has undergone fundamental restructuring and transformation into a knowledge-based and high value-added economy since 1990s. This has tilted labour demand more towards higher-skilled workers. The demand for lower-skilled workers has been weakened further by the recent series of events, including the Asian financial crisis in 1997, global economic slowdown in 2001 and the outbreak of SARS in 2003. Although there has been substantial job upgrading among the local workforce in order to cope with the changing work requirements in a modern economy, greater adaptation difficulties are still found among the low-skilled and low-education workers. This challenge will likely remain as Hong Kong continues to develop into a high value-added knowledge-based metropolitan city.

Wages for low-skilled work remain low: The earnings of workers with low skill and low education remain relatively low compared to the median wage. For instance, the wage level of the lower quartile of the overall wage distribution is \$7,147, which is 29% lower than the median wage level of \$10,123. On the other hand, the average monthly CSSA payment is at a level close to the median wage. For instance, the average monthly CSSA payment to a four-person household is around \$9,236, equivalent to 129% of the lower quartile of the overall wage distribution. Thus, the financial incentives for the lower-income households in particular the larger ones to stay on CSSA instead of rejoining the workforce are strong, not to mention the unstable nature and working conditions of low-skilled jobs. The challenge is no longer simply a lack of job opportunities, but how to achieve a balance of the "push" and "pull" factors in the labour market.

CSSA for the unemployed and low-income employees: In the absence of an unemployment insurance system in Hong Kong, the CSSA (which is designed as a safety net of the last resort for those who cannot support themselves financially) is used to assist the unemployed. Low-income employees who are not earning enough to support themselves and their families can receive income support under the "low earnings" category of the CSSA Scheme. CSSA also provides comprehensive coverage based on the needs of the households, leading to a range of other benefits such as free public healthcare, housing rental assistance and student financial assistance. On the other hand, there are some who are needy but may not choose to be assisted by the CSSA Scheme due to various reasons, including the avoidance of the social stigma attached to the Scheme. The challenge is how the system can provide suitable support to the unemployed and the working poor while not dampening the incentives for those who have the ability to work to springboard to employment and self-reliance.

"WHO ARE THE WORKING POOR?"

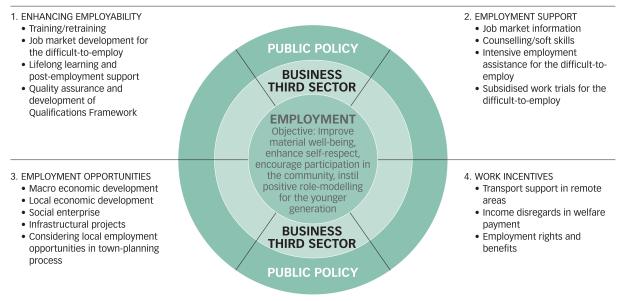
In compiling the indicators of poverty, we have included an indicator on the number of low-income employees in Hong Kong, viz. persons working 35 hours or above per week and with monthly employment earnings less than 50% of the median. In 2006, there were 213 600 such full-time low-income employed persons, representing 8% of total full-time workers aged 15-59. It is worth noting that, among these low-income earners, 12% were self-employed persons and 6% were unpaid family workers.

The number of persons living in low-income households with income below average CSSA payment was 893 700 in 2006. Since over half of these low-income households were elderly households² (36%) and economically inactive households³ (21%), the number of working poor households could be reflected more accurately with the figure of those with at least one employed member with a monthly income below average CSSA payment for households of the same household size (excluding foreign domestic helpers). There were 122 000 working poor households in 2006, accounting for 5.5% of all households in Hong Kong. The number and proportion of such working poor households were decreasing in recent years, suggesting that the improvement in labour market amid the strong economic performance in recent years was of great help in alleviating the poverty situation.

FROM WELFARE-TO-SELF-RELIANCE

3.4 In responding to the key challenges, the Commission considers that a proactive strategy should be adopted in assisting the unemployed and the working poor to move out of poverty and achieve self-reliance. Instead of using a passive approach relying mainly on public assistance, efforts should be focused on enhancing their employability, providing effective employment support, promoting employment opportunities, and providing suitable work incentives.

PROMOTING EMPLOYMENT - AN INTEGRATED FRAMEWORK



3.5 The four areas in the framework relate to the quality of human capital, facilitating measures, job availability, and motivation issues. The Commission has examined each of the four areas and explored possible improvements, as well as new measures and approaches to enhance the effectiveness of the current efforts.

1. ENHANCING EMPLOYABILITY⁴

Education and job-training are the best poverty prevention programmes, and they are the least expensive measures⁵.

3.6 In relation to poverty alleviation, the focus is on how to assist the "difficult-to-employ", viz. low-skilled, low-education and middle-aged workers to enhance their employability and to adjust to the changing demands of the labour market. Retraining unemployed and displaced workers is a very difficult area given their low educational attainment, and age and psychological barriers in entering a new field. Some of the unemployed women may have been away from the labour market for a long period and need tailor-made support.

- 3.7 The Employees Retraining Board (ERB), established in 1992, is the main agency to meet the training needs of the unemployed persons aged 30 or above with no more than junior secondary education level. The Commission supports a number of directions to strengthen training to the "difficult-to-employ" persons -
 - (a) developing market-oriented courses, as well as new and untapped job market for the low-skilled workers e.g. local domestic helpers, post-natal mentors, healthcare massage/ foot reflexology workers, and elderly home care workers;
 - (b) enhancing quality assurance to gain confidence of employers in the skills standards of retrainees, and developing quality-assured training courses to gain recognition under the Qualifications Framework;
 - (c) enhancing post-employment support and promoting life long learning, including through establishing Retraining Resources Centres (RRCs) to develop the self-learning capacities of the retrainees. This is particularly relevant to the needs of the working poor as a form of "unemployment prevention" training; and
 - (d) providing training opportunities for the unemployed aged 25 to 29.
- 3.8 The Commission suggests that the Government should review the provision of training, retraining, skills upgrading and lifelong learning holistically along the direction above, to ensure that they are market-oriented and address the needs of the unemployed and working poor. The Government should also provide additional resources where appropriate. At the same time, when the levies collected from the employers of foreign domestic helpers could be used, the Government should make good use of this substantial additional amount of resources for strengthening training and retraining efforts.

2. EMPLOYMENT SUPPORT

- 3.9 Effective employment support can facilitate a smooth transition from unemployment to work by providing the unemployed with appropriate job market information, soft skills training and guidance. The "difficult-to-employ" require more intensive employment and post-employment assistance, and those with different ages and socio-economic background have different needs and require more targeted support.
- 3.10 Contrary to some misconceptions that the Government does not play an active role in the employment area, there is in fact a wide range of active measures to raise the employability of the workforce, to stimulate employment and facilitate the unemployed to rejoin the labour force. Resources used in facilitating employment and assisting the unemployed back to work amount to \$4 721 million in 2004, details at Appendix ii.

- 3.11 Hence, the issue may not be the lack of resources committed to help the unemployed, but rather how to make the best use of the resources available through better coordination, more timely intervention, and reducing gaps and duplication. The Commission conducted a "District Study on Employment Assistance" to examine the delivery of existing employment assistance at the district level and to explore room for improvement. The Report has put forward 18 recommendations for the Government's consideration⁶ (Executive summary at Appendix iii). In gist, the Commission recommends that the Government should -
 - (a) adopt a more integrated approach to make the best use of the resources available to deliver more effective employment support;
 - (b) adopt a more people-oriented approach and give more targeted and coordinated assistance to the "difficult-to-employ"; and
 - (c) strengthen interface at the district level, particularly in those districts with stronger needs for more targeted employment support.
- 3.12 In the short to medium term, priority should be accorded to improving coordination, sharing of information and referrals among existing employment-related programmes. In the longer run, the Commission recommends that the Government should 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 ablebodied persons especially those who are "difficult-to-employ" can access relevant training and employment assistance easily. Overseas experience of providing public assistance, employment support and re-training services under one roof or by one coordinating body may be of useful reference.

3. EMPLOYMENT OPPORTUNITIES

- 3.13 Enhancing employability and providing effective employment support are supply-side measures to improve the quality of human capital and facilitate their integration into the labour market. The Commission considers that proactive measures to promote employment opportunities and increase labour market demand are equally essential.
- 3.14 Given the open nature of Hong Kong's economy, our economic growth and employment opportunities are subject to the influences of global and regional economic performance and outlook. Hence, "Market leads, Government facilitates" has been a core principle in driving the economic development and increasing employment opportunities in Hong Kong.

- 3.15 With concerted efforts from the Government and other sectors, our economy has achieved more broad-based growth, providing job opportunities for all sectors including the low-skilled workers (e.g. in tourism, retail trade, logistics). The Government also actively promotes investment in public works and infrastructural projects in order to bring employment opportunities, particularly to the construction sector where the unemployment rate remains high. As the economy continues to forge ahead, the employment conditions in various economic sectors, including those engaging more low-skilled workers, look set to improve further.
- 3.16 Drawing experience locally and overseas, the Commission supports further promoting the development of social enterprises⁷ as an additional approach to assist those who are "difficult-to-employ" to integrate into the job market and capture job opportunities. The Commission recognises that social enterprises can enhance the self-concept and employability of the disadvantaged, and bring other positive outcomes including building social capital and encouraging tripartite partnerships.

WHAT IS SOCIAL ENTERPRISE?

Background and mode of operation of social enterprises (SEs) are very diverse. There is no common definition of social enterprises. Such enterprises should include the following key distinguishing features -

- **Simultaneous pursuit of business and social objectives** SEs are characterised by the integration of commercial approaches and social purposes. The social objectives are wide-ranging, e.g. facilitating work integration of the disadvantaged or environmental protection.
- **Engagement in business/trading activities** SEs should operate on commercial principles and with major source of income from trading activities (instead of provision of social services).
- **Not-for-profit** SEs should primarily be positioned to achieve social objectives instead of maximising profits. Profits/surpluses from the operations should principally be reinvested for that purpose in the business or in the community.

- 3.17 The Commission has launched a series of initiatives along the following direction -
 - (a) **Establish the value of the concept and gain public acceptance** through publicity, conferences, seminars and researches.
 - (b) **Create an enabling environment:** The "Enhancing Self-Reliance Through District Partnership Programme" launched in June 2006 provides seed money to social enterprises. A total of \$150 million has been earmarked for five years for the purpose.
 - (c) **Business facilitation and support:** Existing support provided to small and medium enterprises has been extended to social enterprises, including business mentorship programmes and business advisory service. In order to nurture more management talent for social enterprises, the Hong Kong Council of Social Service together with a number of tertiary institutes has offered Hong Kong's first social enterprise management training course.

A summary of the actions launched by the Commission is at Appendix (iv).

3.18 The Commission notes that there is an increasing public acceptance of the potentials and benefits of social enterprise in helping the disadvantaged, and supports its further development. The Commission considers that one of the key factors contributing to the success or otherwise of these enterprises is how they can become better businesses. Forging more effective partnerships between the Third Sector and the private sector in this regard is important⁸.

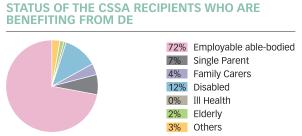
4. WORK INCENTIVES

Disregarded Earnings9

- 3.19 Disregarded earnings (DE) refer to the earnings from employment that are disregarded when assessing the amount of assistance payable to CSSA recipients. It aims to allow CSSA recipients who work to be financially better off than those relying entirely on welfare, thus encouraging those who can work to find and remain in employment.
- 3.20 The total amount of CSSA recipients' earnings that were disregarded increased significantly from \$298.9 million in 2001-02 (equivalent to 2.1% of total CSSA expenditure) to \$830.7 million (equivalent to 4.7% of total CSSA expenditure) in 2005-06, up \$531.8 million or 178%. By comparison, total CSSA expenditure increased by 23.3% over the same period.

3.21 As at March 2006, 37 943 CSSA recipients benefited from DE. These included 25 335 ablebodied low-income recipients, whose average monthly income was \$4,688. The age and status profiles of the CSSA recipients who are benefiting from DE are shown below:





3.22 The Commission notes that since DE is implemented alongside a package of intensified measures to encourage self-reliance, and the number of employable able-bodied CSSA recipients who return to employment are subject to a host of factors including availability of job opportunities, it is difficult to isolate the impact of DE as a work incentive and there is no clear evidence to suggest that the impact is substantial.

2% 60 or over

- 3.23 Nevertheless, the Commission supports improvement to the provision of DE on the following considerations -
 - (a) The effectiveness of DE should be assessed not just by the amount of public funds saved through encouraging work, but also by the wider positive social impacts of the arrangement, particularly in promoting work habit and job retention rather than relying on public assistance.
 - (b) Given the relatively low employability of the unemployed CSSA recipients (as at March 2006, some 33% aged between 40 49, and some two-thirds had education level of primary or below), encouraging this group to work albeit remaining on low-income CSSA cases should be supported.
- 3.24 In this context, the Commission welcomes the Government's decision to -
 - (a) raise the "no-deduction" limit of monthly DE from \$600 to \$800; and
 - (b) relax the "no-DE" rule to allow CSSA cases to be eligible for DE from not less than three months to not less than two months.

Transport support for remote districts¹⁰

- 3.25 The Commission notes the relative lack of local employment opportunities in some remote districts. For needy unemployed persons and low-income earners living in these districts, the community is concerned that transport costs may become a disincentive for them to work across districts. Hence, the Commission supports the broad direction to provide transport support for the needy living in remote areas to encourage them to work.
- 3.26 A short-term travelling support scheme was implemented in 2006-07 in Yuen Long, North and the Islands districts on a trial basis to facilitate eligible graduates of the ERB to transit from unemployment to work. In January 2007, the Commission further supports launching a Pilot Transport Support Scheme with a wider scope and coverage, i.e. providing Job Search Allowance and Cross-district Transport Allowance to needy unemployed and low-income employees in four remote districts, viz. Yuen Long, Tuen Mun, North and the Islands districts to search for jobs and work across districts. The Commission welcomes the Government's decision to launch a one-year pilot Scheme in mid-2007.
- 3.27 In deliberating the suitable mode of operation of the pilot Transport Support Scheme, the Commission considers that the Scheme should have a clearly defined scope and purpose, viz. to address the relative lack of employment opportunities in the remote districts and to provide incentives for the needy unemployed and low-income employees in these districts to find employment and work across districts. Hence, the Scheme is limited to four remote districts only instead of a territory-wide scheme.
- 3.28 The Commission also considers that the subsidies are not meant to be a form of income support to supplement the low-wages of employees. Rather, the support should be considered as an interim relief and therefore should be time-limited. Providing the subsidies on a long-term basis would likely bring adverse impact on wages and heighten the parity issues for low-income employees living in other districts.
- 3.29 In the longer run, the Commission recommends that the Government should consider more sustainable measures to address the relative lack of employment opportunities in the remote districts. For instance, the Commission notes that a sizeable portion of jobs in remote areas are taken up by residents living outside the areas. This seems to suggest that location accounts for only part of the unemployment problem; the mismatch of skills and knowledge as well as the attitude and motivation to hold on to locally available jobs may also be relevant.
- 3.30 In addition, more effective and coordinated employment assistance and capacity enhancement in these remote districts, coupled with local economy and social enterprise development, may be more effective and sustainable in helping the low-income earners.

3.31 The Commission has also highlighted the importance of town planning and urban development to meet the needs of our community and achieve sustainable development, including employment and the needs of the disadvantaged, amid growing awareness and concern in the community. The Commission recommends that in future, the planning process should give due consideration to social and demographic considerations such as population, employment, social networks, supporting facilities and other people-based issues.

A different approach to assist the unemployed and the working poor?

- 3.32 In discussing work incentives, there have been calls for the establishment of an official income-related poverty line below which the working poor should be assisted. There have also been suggestions in the community to establish a "second social safety net", on grounds of the lack of a support network for the working poor who are not on CSSA.
- 3.33 In terms of existing support to the working poor, the Commission notes the Government provides a wide range of highly subsidised public services, viz. public housing, education, public health care services and other welfare services¹¹. These services form part of the social safety net available to low-income working poor families and CSSA households alike. The CSSA payment level has been widely used and recognised as the level needed to meet the basic living requirements in our community. Different public services have also established the relevant benchmarks for assessing needs. While the Government should continue to improve the access to essential services by the needy, it remains to be demonstrated of the additional practical need for establishing a new poverty line or a second social safety net.
- 3.34 The issue thus may not be an absence of a safety net, but rather how the present arrangement can be improved to provide better support for the working poor. In this regard, the Commission notes that while the CSSA low-income category provides financial assistance to low-income employees who are not earning enough to support themselves and their families, this arrangement was introduced against a background of very low level of public assistance and the need to provide additional incentives to encourage the CSSA recipients to work instead of staying on welfare. With the relatively high financial incentives for the lower-income group in particular the larger households to stay on CSSA and the comprehensive nature of the support, the CSSA may not be the most optimal arrangement to encourage work and provide support to the working poor.
- 3.35 The Commission suggests that the Government should consider a different approach to assist the unemployed and the working poor to move from a passive approach relying mainly on public assistance to a more pro-employment approach for the able-bodied employable persons. Some members have suggested that the Government should re-think the current "all-or-nothing" concept under the CSSA, since the system makes it difficult for recipients to

leave the CSSA net. It is however recognised that any modification to the nature of financial assistance to the unemployed and the working poor is a very complicated issue, especially given the CSSA is paid on a household basis, taking care of the needs of all eligible members of the households.

Time-limited CSSA?

- 3.36 Besides the various "pull" measures to enhance employability, facilitate employment, promote job opportunities and increase work incentives, there remains some community concern on whether the CSSA Scheme would encourage welfare dependency, and whether there are adequate "push" measures to avoid the able-bodied employable persons becoming long-term welfare recipients.
- 3.37 In this regard, the Government has introduced a series of "push measures" including requiring able-bodied employable CSSA recipients to find jobs actively, to conduct community work, to participate in the Intensive Employment Assistance Projects, and to impose sanctions if they violate the requirements. The duration of stay on CSSA for the able-bodied unemployed and low-income recipients nevertheless continues to rise in the last few years.

DURATION OF RECEIVING CSSA OF THE ABLE-BODIED UNEMPLOYED CSSA RECIPIENTS

	As at Mar 2003 (%)	As at Mar 2004 (%)	As at Mar 2005 (%)	As at Mar 2006 (%)	
Duration of receipt of CSSA					
< 6 months	20.8%	14.4%	11.7%	10.2%	
6 - < 12 months	17.9%	17.7%	10.1%	8.7%	
1 - < 2 years	18.7%	21.3%	19.3%	13.3%	
2 - < 3 years	8.6%	13.0%	16.4%	14.8%	
3 years and above	34.0%	33.6%	42.4%	53.0%	
Median length (months)	18	22	31	39	

DURATION OF RECEIVING CSSA OF THE ABLE-BODIED LOW-INCOME CSSA RECIPIENTS

	As at Mar 2003 (%)	As at Mar 2004 (%)	As at Mar 2005 (%)	As at Mar 2006 (%)	
Duration of receipt of CSSA					
< 6 months	13.6%	7.6%	5.2%	3.9%	
6 - < 12 months	16.4%	16.1%	8.3%	6.4%	
1 - < 2 years	18.9%	22.1%	20.0%	12.6%	
2 - < 3 years	10.4%	13.7%	18.7%	17.1%	
3 years and above	40.8%	40.5%	47.8%	60.0%	
Median length (months)	25	27	35	43	

3.38 There is currently no time limit in the CSSA payment for recipients. The Commission notes that the Government has drawn reference from overseas experience on the concept of time-limited CSSA for the able-bodied welfare recipients. For the "difficult-to-employ" who genuinely cannot find jobs in the open labour market, removing all financial assistance may not be considered appropriate. In addition, given the "one-household rule" under the CSSA Scheme, there is a need to consider carefully how to manage the impact of the measure including providing subsistence support to those households reaching the time limit, especially the elderly and the children members. It is also noted that such "pushmeasures" cannot be launched in isolation, and needs to be accompanied by more integrated employment support and other complementary measures.

Protecting labour rights

- 3.39 It is important to ensure that work is a more attractive option for the able-bodied workers, compared to staying on welfare. If wages for low-skilled workers remain unreasonably low, it is difficult for workers to support their families and achieve self-reliance. In this light, the Commission notes that the discussion about improving workers' conditions (such as the proposal to introduce a statutory minimum wage) is relevant to poverty.
- 3.40 At the same time, the Commission notes that poverty issues of low-income households involve not only the level of wages of the breadwinners, but also the needs of the households as a whole. In deliberating on the appropriate forms of support and work incentives to the low-income workers, the Government should take into account the needs of the low-income households as a whole.
- 3.41 The Commission notes that the discussion on minimum wage involves complex policy considerations and may have far-reaching implications on Hong Kong's socio-economic development, and there are on-going discussions on the subjects at other forums. The Commission also notes that the Government has launched the Wage Protection Movement for cleansing workers and security guards (WPM). A mid-term review will be conducted in October 2007 to gauge its progress whilst an overall review in October 2008 to evaluate its effectiveness. If the overall review finds that the WPM fails to yield satisfactory result, the Government will introduce statutory minimum wage in the cleansing and guarding services sectors.

DIRECTION FOR FUTURE WORK

3.42 Enhancing employability, providing effective employment support, promoting employment opportunities, and providing suitable work incentives are the four key areas which we should continue to strengthen our efforts to encourage the unemployed and the working poor to work and move to self-reliance. These measures are inter-linked and should be examined holistically, with special focus on the needs of the more "difficult-to-employ".

1. ENHANCING EMPLOYABILITY

- Review the provision of training, retraining, skills upgrading and lifelong learning holistically to ensure that they are market-oriented and have taken into account the needs of the unemployed and working poor (*Paragraph 3.8*).
- 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 (*Paragraphs 3.7 and 3.8*).

2. EMPLOYMENT SUPPORT

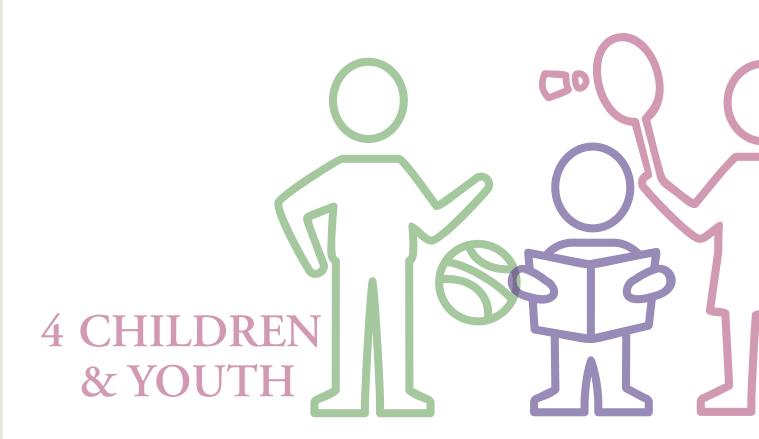
- Adopt an **integrated approach in the delivery of training and employment assistance** in order to make the best use of the resources available and provide more targeted assistance to the "difficult-to-employ" (*Paragraph 3.11*).
- Review holistically how to achieve the target of "one-stop shop" in the provision of employment assistance, so that the able-bodied persons especially those who are "difficult-to-employ" can access relevant training and employment assistance more easily (*Paragraph 3.12*).

3. EMPLOYMENT OPPORTUNITIES

- **Promote economic development,** with particular attention to sectors which provide job opportunities for low-skilled workers (*Paragraphs 3.14 3.15*).
- Support the development of **social enterprises** as an innovative approach to promote self-reliance and to assist those who are "difficult-to-employ" to integrate into the job market and capture job opportunities (*Paragraphs 3.16 3.18*).
- 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 (*Paragraphs 3.29 3.30*).
- Give more attention to social and demographic considerations such as population, employment, supporting facilities and other people-based issues **during the planning process** (*Paragraph 3.31*).

4. WORK INCENTIVES

- Monitor and review the implementation of the pilot Transport Support Scheme, and consider the appropriate form of **incentives to encourage work** (*Paragraphs 3.25 3.28*).
- Implement **DE improvements** to further encourage unemployed CSSA recipients with relatively low employability to work (*Paragraphs 3.19 3.24*).
- In the longer run, the Government should consider how best to **structure our support for 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 (*Paragraphs* 3.32 3.41).



INTERGENERATIONAL POVERTY

- 4.1 Children are our future. Each child, whatever his or her background, matters. We hope that our children, regardless of their socio-economic background, are able to enjoy a healthy and balanced development, and to contribute positively to our society when they grow up.
- 4.2 For children from a disadvantaged background, the community is concerned about whether the poverty of parents may prevent their children from enjoying a healthy and balanced development, and that poverty may be "passed on" from one generation to the next (i.e. "intergenerational poverty").
- 4.3 While providing for the healthy and balanced development of children and youth, including those from a disadvantaged background, has long been a core element of the Government's public policy, the concept of intergenerational poverty is relatively new and less well understood in Hong Kong.
- 4.4 Tackling intergenerational poverty is to prevent the younger generation from becoming poor as a result of the older generation's poverty. The focus is to deal with poverty risks of the children, with poverty of the parents (Chapter 3) being one of the factors affecting the child's development.

WORK OF THE COMMISSION

Tackling intergenerational poverty is one of the work priorities of the Commission. A Task Force on Children and Youth was established under the Commission in May 2005 to enhance understanding on the relevant issues; to examine existing policies and measures with a special focus on the needs of those from a disadvantaged background; to consider room for improving the interface and coordination among services; as well as to formulate policy recommendations which help reduce risks of intergenerational poverty.

THE KEY CHALLENGES

Ensuring opportunities and mobility

- 4.5 In a generally affluent city like Hong Kong, there is no apparent lack of services and resources to take care of the basic needs of children (see paragraph 4.13 below). The key concern may no longer be material deprivation, but whether there are adequate opportunities for children to learn, to enhance personal capacities, and eventually to improve the quality of life for themselves and their families in the future.
- 4.6 Tackling intergenerational poverty is closely related to availability of opportunities and mobility in our system. Intergenerational mobility is a relatively unexplored area in Hong Kong. The study conducted by the University of Hong Kong (Chapter 2, paragraphs 2.24 2.29) has included an analysis on intergenerational earnings mobility. Based on the relationships between the lifetime earnings of father and child, intergenerational poverty was not found to be prevalent in the local economy.
- 4.7 While Hong Kong is generally regarded as a relatively open and meritocratic society and the available data so far do not show that intergenerational poverty is prevalent, there remain concerns and anxieties in the community especially among the disadvantaged on whether their children can move up the social ladder when they grow up.

Finding the right approach

4.8 Some children and their families in the society are more vulnerable than others and deserve our special attention and support. At the same time, we need to beware of the limitations of passive assistance and the possible impact of negative labelling of programmes targeted specifically at disadvantaged children. The ultimate objective is to help children to develop a positive attitude, an ability to learn and a sense of self-responsibility and self-worth. Adopting the right approach in our policies and measures in tackling intergenerational poverty is important.

4.9 Searching for the right approach however is easier said than done. The mere provision of additional financial assistance to the children or their families may deal with the symptoms but not the root of the problem.

UNDERSTANDING THE FACTS ABOUT CHILDREN IN POVERTY¹

Number of children living in poverty

- 4.10 Public concern is often focussed on the number of children living in poor households. There is however a need to put into perspective the impact of public policies in improving the material well-being of the children concerned. For instance, based on the data collected in the 2006 Population By-census, there were 247 800 children (aged 0 14) living in households with income below average CSSA payment in 2006 (i.e. 26.5% of the total population of the same age group). As explained in Chapter 2, this income-based indicator figure has not considered the impact of government transfers on the household income of such families. To this end, the figure should be viewed in conjunction with the fact that government transfers serve to lift household income across all decile groups, more so for the lower-income groups (Chapter 2, paragraph 2.19).
- 4.11 Using the correct statistics aside, we should not just focus on income-based indicators to reflect the well-being of our younger generation. Their family background (workless households, single parent families), school attendance, and the number of youths not in school, employment or training ("non-engaged youths") are all relevant when analysing the poverty risks of our younger generation².

General well-being of children

4.12 In terms of the general well-being of children in meeting their daily living needs, Hong Kong has a relatively good story to tell. With the availability of comprehensive disease prevention and health promotion services, the health indices related to children compare favourably with those of most developed countries. The infant mortality rate is as low as 1.8 per thousand registered live births in 2006. The performance of Hong Kong children in various developmental aspects is comparable to their peers in the Western countries. In some areas concerning the acquisition of numeracy skills and pre-writing and literacy skills, Hong Kong children are even more advanced. In general, children in Hong Kong grow up in a relatively safe and healthy environment.

Public investment on services for children and youth

4.13 The Commission has examined the wide range of services available for children and youth. Children with financial or other special needs receive additional assistance. In terms of financial resources, the Government invests around 30% of its operating expenditure on children and youth (nearly \$60 billion). Within this, a quarter was targeted specifically at disadvantaged children and youth. Compared to the total number of children and youth from

0-24 years old (1 847 800 in mid-2006), the average amount of resources invested on each child and youth in Hong Kong amounts to some \$32,000 in a year.

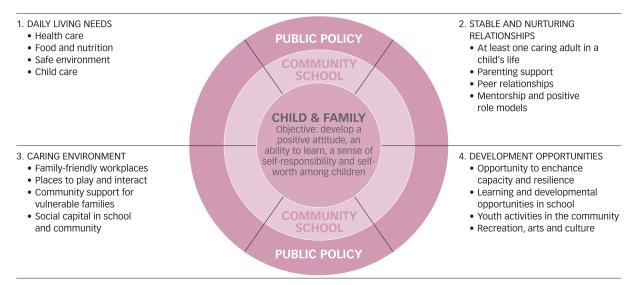
Programmes/Services	Spending on children and youth	Spending targeted at disadvantaged children and youth	
	Amount (\$ million)	Amount (\$ million)	
Education	45 545	4 081	
Health Care	727	_	
Social Welfare	10 936	9 979	
Personal Development	157	88	
Training/Employment	2 000	440	
Total	59 365	14 580	

Resources for children and youth services provided by the governemnt (2005)

4.14 Appendix (v) shows a breakdown of the different Government/Government subvented services available. A brief overview of these services is at Appendix (vi). The list is not exhaustive and does not include services supported by other non-governmental funding sources. Hence, the issue in hand may not be a lack of existing services and programmes for children and youth, but how to improve their visibility and accessibility to those in need, to enhance the existing efforts and their interface in order to produce greater impact, and to improve the impact assessment of the existing efforts on the development of children from a disadvantaged background.

PROMOTING THE HEALTHY DEVELOPMENT OF CHILDREN - KEY DETERMINANTS³

4.15 While material well-being of the children and their families affects access to daily living needs, this is but one of the many variables which affect a child's development. Hence, tackling intergenerational poverty should focus not just on financial support and material well-being of the children and their families. Stable and nurturing relationships, a caring environment, and development opportunities are all important determinants in the development of the younger generation.



USING THE RIGHT APPROACH

- 4.16 Addressing the needs of children and youth requires a systemic way to identify the needs of high-risk children and their families early, to provide timely and appropriate intervention according to their needs, and to evaluate the impact of the intervention measures on the children.
- 4.17 The process does not mean a clinical process of problem identification and removal by surgical interventions. Positive and lasting results are most effectively achieved by providing a continuum of structured support from childhood to adulthood, taking into account the complex determinants on the development of the younger generation.
- 4.18 Against the background, the Commission has examined the existing services and programmes relevant to tackling intergenerational poverty for children and youth aged 0-5, 6-14, and 15-24, with a special focus on the needs of those from a disadvantaged background. The key observations and recommendations from the Commission are summarised below.

CHILDREN (0 - 5 YEARS)⁴

4.19 Recent scientific studies have demonstrated that early life experience during the formative years has very crucial impact on the child's subsequent development. In this regard, the Commission supports the direction of strengthening investment in early childhood development, and the identification of high-risk children and families for early intervention.

Pre-primary education

- 4.20 The Commission welcomes the Government's initiative to invest additional resources to subsidise and upgrade the quality of early childhood education. While the initiative is a universal one, the Commission notes that pre-primary education is an important stage for the child's physical, intellectual, social and emotional development, and reduces the risk of subsequent developmental problems.
- 4.21 The Commission notes that nearly 90% children aged 3 to 5 are studying in kindergartens in 2006/07. It is unclear whether those young children not receiving support were due to financial or other reasons. With the introduction of the new measures, it is envisaged that all children aged 3 to 6 should be able to receive quality and affordable pre-primary education.

Comprehensive Child Development Service⁵

- 4.22 The Commission has also examined the pilot implementation of the Comprehensive Child Development Service (CCDS), which aims to identify needy children or at-risk pregnant women or families at an early stage and to refer them to different health and social services units to receive early intervention services. The CCDS model takes into account district needs, and strengthens the multidisciplinary collaboration between health care, pre-primary education and social services and provides integrated support to the at-risk children and families identified.
- 4.23 While the CCDS is a universal service, its design has enabled it to particularly strengthen the support to children and families from a disadvantaged background, such as new arrival families, low income families, families with cross-border marriages, by proactively connecting health and social services to them.
- 4.24 Since its launch in July 2005, the pilot has yielded encouraging results. The Commission supports extending the CCDS to all districts in phases and strengthening social services support to children and families at risk.

COMPREHENSIVE CHILD DEVELOPMENT SERVICE - DOES IT WORK?

A review of the implementation of CCDS from July 2005 to September 2006 was conducted in four pilot communities, namely Sham Shui Po, Tin Shui Wai, Tuen Mun and Tseung Kwan O. The early results of the service indicated that, among other things, more children and families in need have accessed and accepted different health and social services. The critical success factors include -

- Using the Maternal and Child Health Centres (MCHCs) as a platform has reduced the perception of stigmatisation and inconvenience to receiving psychiatric and social services, and facilitating clients to share personal difficulties and accept referral of services.
- Providing proactive and one-stop service further enhances service accessibility to the disadvantaged groups that were hard-to-reach.
- Intersectoral collaboration among health and social workers is instrumental in ensuring the clients receive the most appropriate services.

Parent education

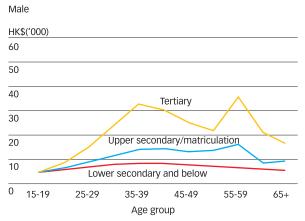
- 4.25 Children develop best in stable and nurturing relationships. Parent education is considered an important element to guide parents in building a stable and nurturing relationships for children at home. The Commission has examined the existing programmes and held sharing session with representatives from various advisory committees and agencies delivering parent education⁶. The Commission has also commissioned a Study on the Promotion of Parent Education for Economically Disadvantaged and Hard-to-Reach Families in Hong Kong to identify the special needs of disadvantaged parents and make recommendations on how to strengthen parenting support to them. Major recommendations include ⁷ -
 - (a) parent education should not be limited to the teaching of skills and values, but the whole-person development of parents which are important to the effective performance of their parenting role;
 - (b) a family perspective should be adopted to guide the strategies for strengthening families, including parenting and other factors which limit the efficacy of parents to care for their children;
 - (c) reaching-out and community-oriented services should be strengthened to cater for the special needs of families that are disadvantaged and hard-to-reach; and
 - (d) more coordination and longer-term funding to support families and parent education, enabling schools and agencies to provide longer-term and more structured family and parent support.
- 4.26 While the Administration will take into account the recommendations in considering the establishment of the Family Commission, in the short-term, additional resources have been allocated to expand the Capacity Building Mileage Programme of the Women's Commission in strengthening parent education and the capacities of women.

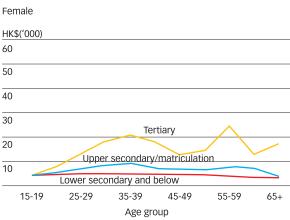
CHILDREN (6 - 14 YEARS)

Education is prevention

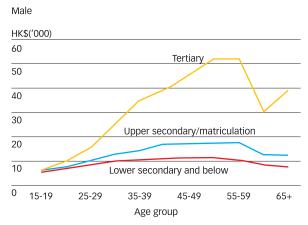
4.27 The role of education in preventing intergenerational poverty cannot be over-emphasised. Education enhances capacity and strengthens an individual's ability to advance in society and break away from intergenerational poverty. In a knowledge-based society like Hong Kong, earnings of those with higher education have experienced significant growth in real terms, while the earnings of those with low education have remained relatively stagnant.

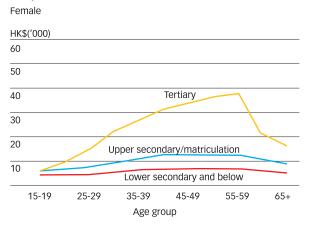
AVERAGE MONTHLY EARNINGS OF FULL-TIME EMPLOYEES, 1986 (AT 2006 CONSTANT PRICES)





AVERAGE MONTHLY EARNINGS OF FULL-TIME EMPLOYEES, 2006





- 4.28 In Hong Kong, all children enjoy 9 years of free and compulsory education. Children from poor families can apply for financial assistance to meet their schooling expenses. The issue is whether the public education system provides opportunities for children to learn and excel regardless of their socio-economic background.
- 4.29 In this regard, the Commission has examined the available statistics and studies on the correlation between education performance, future earnings ability of children and the socioeconomic status of their parents to see to what extent a poor family background would affect children's opportunity of moving up the social ladder. The Commission finds that based on available data, such correlation is not proven strong and intergenerational poverty is not prevalent in Hong Kong.

Small class teaching

4.30 Overseas research studies indicate that small classing teaching has more significant effects on students with weak family support and in their early years of schooling. In response to the pledge to tackle intergenerational poverty, the Government introduced small class teaching in primary schools with a majority of students from disadvantaged families in 2005. Schools having 40% of their Primary 1 - Primary 3 students receiving CSSA or full grant assistance under student financial assistance scheme are eligible to participate. A total of 75 primary schools met the 40% threshold and 29 of them joined the scheme in the 2005-06 school year. 48 schools joined the scheme in the 2006/07 school year. The Government will evaluate the outcome of the initiative including the impact on the participating students in order to decide on the best way forward⁸.

School as an important platform

- 4.31 In the dialogues with stakeholders and the community, one of the recurrent themes is how to make better use of schools as a platform to help address the needs of the disadvantaged children. Similar to the MCHCs for young children, the school with its extensive coverage is a natural platform for identifying the developmental needs of school children, particularly for the "hidden cases". It can also avoid stigmatisation associated with the more traditional welfare services, and facilitate acceptance by children and families of the services and support.
- 4.32 At the same time, there are concerns that schools are presently focussed on their core business of educating the children. There is little room for the schools at present to take up additional responsibilities to help tackle intergenerational poverty.

4.33 That said, there are a number of programmes in place in schools which screen and assist children and youth with developmental needs, including the Education and Manpower Bureau (EMB)'s "Understanding the Adolescent Project" (U.A.P.) in primary schools and the Hong Kong Jockey Club's "P.A.T.H.S. to Adulthood: A Jockey Club Youth Enhancement Scheme" (P.A.T.H.S.) in secondary schools co-organised by Social Welfare Department (SWD) and EMB. There is also increasing collaboration between the social service and the education sectors in addressing the varied needs of school students.

SCREENING AND DEVELOPMENTAL PROGRAMMES FOR SCHOOL CHILDREN

The U.A.P. targets primary students and aims to enhance their resilience in coping with adversities. The project has two different programmes - a universal programme which provides a guidance curriculum on resilience, targeting at all Primary 4 to 6 students. The intensive programme is a series of small group, adventure-based and parent-child activities, targeting Primary 4 students identified with greater needs for guidance.

"P.A.T.H.S." was launched in 2005 with sponsorship from the Hong Kong Jockey Club Charities Trust for junior secondary students. There are two tiers of programmes - Tier I is a universal programme for all junior secondary students. Students with greater psychosocial needs would be screened to join Tier II. The programme aims to promote the holistic development of students by providing them with opportunities and recognition, enhance their self-esteem, cultivate students' resilience and promote their learning motivation. This would in turn empower children and lift them from poverty.



After-school support

4.34 After-school support to children and youth is a growing area of concern in the light of the changes in the workforce (higher female participation, longer working hours). Such support, either school-based or community-based, is a relatively new field where school intersects with other traditional social service fields. There is also a great potential to encourage intersectoral collaboration among schools, NGOs and other local community organisations, tapping the rich local resources in the communities to help tackle intergenerational poverty.

- 4.35 In response to the pledge to tackle intergenerational poverty, the Government launched the School-based After-school Learning and Support Programmes⁹ in 2005-2006 school year. To avoid undue additional workload on teachers, schools were encouraged to work in partnership with NGOs which have rich experience in running support programmes and could bring in their backend support to schools. Starting from 2006-07, funding is also provided to support community-based projects with a view to establishing a service network in the neighbourhood where the disadvantaged children live.
- 4.36 After-school support is particularly important in communities with a higher concentration of youth from a disadvantaged background, which are more deprived of communal facilities and where the risk of children and youth going delinquent after-school is higher. In response to community concerns, the Government has stepped up the provision of communal facilities in Tin Shui Wai and Tung Chung¹⁰. A pilot scheme has been launched to encourage schools to open their premises for community use after school, and a secondary school in Tin Shui Wai has opened up its covered playground for students in the district after school hours to try out the arrangements.

YOUTH (15 - 24 YEARS)

Non-engaged youths

- 4.37 The focus of this age group is the so-called "non-engaged youths" (NEYs) who are not in school, employment or training. According to the poverty indicators for 2006, the number of NEYs was 21 400. The Commission notes that this problem is a worldwide phenomenon especially among the more developed economies. The Government has analysed the problem from different perspectives, and assessed the needs of NEYs in terms of personal development, skills training, career development and employment opportunities¹¹. A number of strategies have been adopted to tackle the problem¹² -
 - (a) provision of quality education to the young generation in schools, with a diversity of options in the curriculum, including the introduction of vocational element through the Applied Learning (ApL)¹³ for students with different needs, aptitudes and interests;
 - (b) provision of alternative routes to school leavers and mature students. Such include vocational training of the Vocational Training Council (VTC), and a wide range of programmes organised by the Government (Project Yi Jin), uniformed groups and other youth organisations;

- (c) provision of pre-employment and on-the-job training programmes for youths, including the provision of a transport allowance for participants in the Youth Pre-Employment Training Programme and the Youth Work Experience and Training Programme in 2007-08 to enhance youth employability;
- (d) establishing new Youth Employment Resource Centres in 2007-08 to provide "one-stop" advisory and support services to youths aged 15 to 29¹⁴ on employment and self-employment including self-assessment, career counselling, up-to-date employment market information, and provision of office facilities for those pursuing self-employment, etc.;
- (e) promoting employment opportunities suitable for youths, e.g. tourism and creative industries, and opportunities in the Mainland and overseas.
- 4.38 The Commission notes that the strategies above are more remedial in nature. Early intervention at childhood may be a more sustainable and cost-effective way to deal with the problem.
- 4.39 In order to further strengthen the current efforts, the Government has established the Task Force on Continuing Development and Employment-related Training for Youth ("the NEY Task Force") in 2004 to explore on effective ways to motivate the NEYs to integrate into the community. With the support of the Youth Sustainable Development and Employment Fund, 22 pilot projects have been/are being conducted. The NEY Task Force is conducting an assessment on the effectiveness of the pilot programmes and will submit a report to the Government on further ideas and strategies in assisting NEYs in their continuing development and employment.

Hardcore unemployed youth

4.40 Some of the NEYs are unemployed youth receiving CSSA. While the number is not very large, there were noticeable increases in the past few years. The time they stayed on CSSA is also increasing. Some of the "hardcore" ones who have received CSSA for a long period of time and could not become employed after going through existing employment programmes. The Commission notes that some of these hardcore youths (some 704 in July 2005) have already been CSSA recipients for an average of five years and around 30% of them have never worked¹⁵.

4.41 In view of this, the Commission supports the introduction of a more intensified employment assistance pilot project "My STEP", which aims to meet the needs of the hardcore unemployed youths and strengthens interdepartmental collaboration to assist these youths. Early results indicate that providing targeted assistance to the hardcore unemployed youths yields positive outcomes¹⁶. An evaluation is being conducted comparing programme participants and a control group in order to enhance the intervention measures in tackling the unique needs of the hardcore unemployed youths.

PROMOTING CHILD DEVELOPMENT - AN ALTERNATIVE MODEL¹⁷

4.42 Besides examining the existing services and programmes, the Commission has also looked into the overseas experience in promoting child development, particularly the child development fund model which emphasises on long-term personal development of children and encourages asset-building habit and mindset among children from poor families.

WHAT IS ASSET BUILDING?

Asset building encourages the disadvantaged to build up "assets". Such assets can be both financial savings and non-financial ones (such as human capital and social network).

The approach is based on the premise that passive income support and public assistance has its limitations in encouraging the disadvantaged to plan for their own future and escape from poverty. Overseas researches have demonstrated that developing an asset-accumulation habit among the poor yields positive results, including causing behavioural change towards a more forward-planning orientation.

- 4.43 While the concept of building asset among the poor is relatively new in Hong Kong, the Commission considers that it is worthwhile to consider shifting away from a deficit model in viewing child development (by providing children with programmes and services to address their needs/deficits) to an asset-based model which encourages longer-term personal development of children, especially those from a disadvantaged background.
- 4.44 In this regard, the Commission has consulted relevant stakeholders in the community on the future direction in promoting child development in Hong Kong, in particular in tackling intergenerational poverty. At the Child Development Forum held in November 2006, key stakeholders (schools, NGOs, academia, business and policy makers) shared their views on the existing efforts¹⁸, and supported that it is worthwhile to explore an alternative model which can help achieve the ultimate objective of assisting children to develop a positive attitude, an ability to learn and a sense of self-responsibility and self-worth.

Child Development Fund

- 4.45 Against this background, the Commission recommends that the Government should set aside additional resources to set up a Child Development Fund (CDF) for pilot child development projects on top of the existing services and programmes. In this regard, the Commission welcomes the Government's decision to earmark \$300 million to set up a new CDF to provide children from a disadvantaged background with more development opportunities as announced in the 2007-08 Budget.
- 4.46 The Commission also recommends that the CDF should have a number of key features, including -
 - (a) the CDF should be used to promote building personal development plans among children from a disadvantaged background under on-going guidance and mentorship from NGOs and voluntary mentors; and
 - (b) the CDF should encourage targeted savings in order to examine whether asset-building habits would yield positive behavioural and mindset change among children from a disadvantaged background.
- 4.47 While the CDF may be explored on a trial basis for a number of years, the Commission believes that there is room to further develop it into a longer-term model to promote child development in Hong Kong, and to consolidate the different resources and funding sources in order to promote a more child-based, asset-based and family-based model.

Promoting Child Development - A Holistic and Family Perspective

- 4.48 The Commission notes that the services and programmes catering for the needs of children and youths at different stages of development are delivered by different bureaux and departments as well as a vast number of agencies and community organisations, and there are a number of advisory bodies overseeing different areas of development (see Appendix vii).
- 4.49 While this state is in a way inevitable, the Commission notes that in the longer run, the Government should adopt a more holistic perspective to structure the support to children and their families, especially to those from a disadvantaged background -
 - **Early intervention:** place emphasis on a preventive approach, through strengthened services for early childhood as well as screening mechanisms to identify high-risk children and families for early intervention; and to follow-up on those children and families who could not be assisted and need more intensified support;

Evidence-based policy making: evaluate systematically the impact of public policies, intervention measures, family and school practices on the outcomes of the children at different stages of development; and track the trend of intergenerational mobility through longitudinal studies and researches, especially on the development of children from a disadvantaged background;

Intersectoral collaboration: enhance coordination and collaboration across the health, education and social service sectors in order to cater for the varied needs of children and their families and to enhance accessibility to relevant services by the hard-to-reach families.

4.50 In this regard, the Commission notes the Government is studying the setting up of an integrated, holistic and high-level Family Commission and to take a family perspective in considering policies and initiatives relating to family support. The Commission considers that the Family Commission, if set up, should also take into account the needs of children and families from a disadvantaged background.

DIRECTION FOR FUTURE WORK

4.51 This chapter provides an overview of the existing policies and measures examined by the Commission, as well as the major recommendations in strengthening our support to the younger generation, with a special focus on the needs of children from a disadvantaged background.

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 (*Paragraph 4.49*)
- 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 (*Paragraphs 4.42 4.46*)
- Further developing 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 (*Paragraph 4.47*)
- Improve the **impact assessment** of existing efforts on the development of children from a disadvantaged background (*Paragraph 4.14*).

- 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 (*Paragraphs 4.31 4.33*).
- The work of the **Family Commission**, if set up, should take into account the needs of children and families from a disadvantaged background (*Paragraph 4.50*).

CHILDREN AGED 0 - 5

- Support investing additional resources to subsidise early childhood education so that all children can receive quality and **affordable pre-primary education** (*Paragraphs* 4.20 4.21).
- Extend the CCDS to all districts in phases and strengthen follow-up social services support to children and families at risk (*Paragraphs 4.22 4.24*).
- **Strengthen parent education**, with particular focus on the needs of the disadvantaged and hard-to-reach families (*Paragraphs 4.25 4.26*).

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 (*Paragraphs 4.27 4.30*).
- 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 (*Paragraphs 4.34 4.36*).

YOUTH AGED 15 - 24

- Tackle the problem of **non-engaged youths** through various strategies and consider ways to further strengthen the current efforts, noting in particular that early intervention may be a more sustainable way to tackle the problem (*Paragraphs 4.37 4.39*).
- Provide **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 (*Paragraphs 4.40 4.41*).



CARING FOR THE ELDERLY IN POVERTY

- 5.1 Caring for the elderly, and providing them with a sense of security, a sense of belonging and a feeling of health and worthiness has been an essential part of the public policy in Hong Kong. Our community is particularly concerned about the well-being of the elderly in poverty, people who have contributed to the society all their lives, but are ill-prepared to care for themselves during old age.
- 5.2 An understanding of the poverty situation of the elderly should not be limited just to their financial needs. Health is also one of the most important factors affecting their well-being. Housing and care for those who need assistance in daily living are equally important. Social support from their families, friends, and opportunities to continue to participate in the community also play a significant role in the quality of life of elders.
- 5.3 With an ageing population and longer life expectancy, providing adequate care for the elderly is becoming an increasingly challenging task. The community as a whole needs to consider how best we can address the concerns and challenges before us, and to continue to provide care and support for the elderly who are in need of assistance.

WORK OF THE COMMISSION

The Commission notes that the Elderly Commission (EC) has been advising the Government on the formulation of comprehensive policies and measures to provide care for the elderly. An Ad Hoc Group on the Elderly in Poverty was established in June 2006 under the Commission to focus on the key needs of the elderly poor, to explore with the EC on immediate improvement measures which can be made, and to consider the policy direction to better address such needs in the long term.

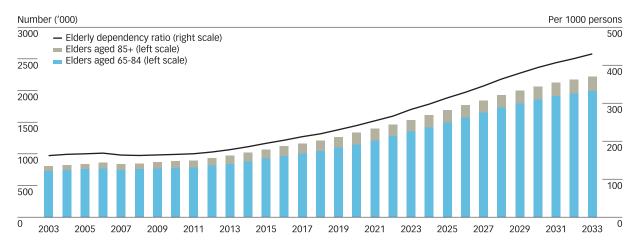
THE KEY CHALLENGES

5.4 Like many other places, an ageing population with longer life expectancy pose many challenges to our society, both for the elderly population at present and in the future -

Assisting needy elders at present – The present generation of the elderly has relatively little retirement protection. Some 17% of those aged 60 or above rely on CSSA to meet their basic living needs. It is believed that some needy ones do not apply for CSSA for various reasons, and some may rely on the Old Age Allowance (OAA) to supplement their living needs. Compared to the present middle age cohort, they may also be relatively less well-prepared for healthy ageing, and may require more assistance in meeting daily living needs and social support.

Challenges of an ageing population – It is forecasted that by 2033, the number of elders aged 65 or above will exceed 2 million, accounting for some 27% of the population¹. The proportion of "old olds" will also increase significantly, placing increasing pressures on public health care, social security, long-term care and other elderly services. Resources spent on elderly welfare services have increased by over 80% over the past decade. Some estimates project that public expenditure may have to double or triple in the next three decades just to maintain the existing level of elderly support². Coupled with a potentially sharp increase in the elderly dependency ratio in the next three decades³, there is a need to carefully consider how public resources should best be deployed to address the future challenges and to prevent poverty among the future generation of elderly.





SUPPORT FOR THE ELDERLY - PRINCIPLES

- 5.5 The Commission notes that the Government has invested substantial resources in building a public support network for elders in need. This includes a highly subsidised public healthcare system, public housing programmes, a wide network of elderly centres, subsidised centre-based and home-based community care services, subsidised residential care services, as well as financial assistance schemes⁴.
- 5.6 Public support network is but one source of support for the elderly. In considering how to address the key needs for the elderly, the Commission notes that there are a number of important principles which should be borne in mind ⁵ -

Shared responsibility – Support for the elderly should be based on a concept of shared responsibility of the individuals concerned, their families and the society. Besides public assistance, promoting individual planning, personal and family responsibilities, as well as tapping community resources to support the elders are important.

Financial sustainability – Any support system for the elderly needs to be financially sustainable in the long term. In achieving this, there is a need to encourage a balanced mix of public and private elderly care services, as well as multi-faceted sources of financing from the individuals, their families and the Government.

Universal vis-à-vis targeted support – In considering how elderly services and support should be structured generally as well as specifically, the Commission considers that public assistance should primarily be positioned as a recourse for needy elders who cannot support themselves or be supported by their families.

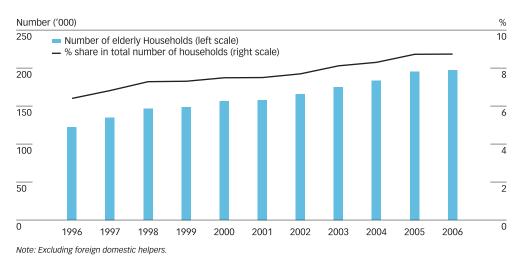
Preventive approach – Enabling the elderly to lead an active life and stay engaged with the community is a more effective, sustainable and socially beneficial strategy than relying on public assistance. Active and healthy ageing as well as social inclusion should be an integral part of the strategy.

UNDERSTANDING THE ELDERLY IN POVERTY

- 5.7 The Commission notes that there is no simple way to determine the number of elderly people in poverty or to identify the elders in need of public services support -
 - (a) One of the key indicators is their financial well-being or access to financial resources. It is however difficult to secure reliable information on their income (including other income from family and investments), assets and wealth, or their expenditure.

(b) Some have used family income as a yardstick. This basis of measurement is however heavily influenced by changes in household size. Indeed, reflecting the ongoing ageing trend and that many young people are now living apart from their parents, the number of elderly households with all members being elders has continued to increase in the past decade, leading to a rapid rise in the number of low-income households.

CHART 2: ELDERLY HOUSEHOLDS WITH ALL MEMBERS AGED 65 OR ABOVE



- 5.8 As mentioned in paragraph 5.2 above, understanding the situation of the elderly in poverty should focus on the key needs of elders (e.g. health, financial, housing and family/social support) as well as their access to essential services. Besides relying on primary data, it is important to understand their needs and well-being in context. For instance, their family background, their health situation, their housing conditions are in a way inter-related and affect the actual financial position of the elderly.
- 5.9 In discussing the poverty indicators for the elderly (Chapter 2), the Commission acknowledged that the available statistics do not capture the situation of needy elderly who are not on CSSA. Since hospitals/clinics are a useful platform to reach out to needy/frail elderly, the Commission suggested that the relationship of health and poverty be further examined and data and statistics be collected through the platform for the purpose of enabling research on such a relationship, e.g. the collection of health data and statistics to be taken into account in the long-term development of a territory-wide health record infrastructure (paragraph 2.13 of Chapter 2).

ASSISTING THE "HIDDEN ELDERLY"⁶

- 5.10 Some needy elders are "hidden" and may not have come forth for assistance from the public support network, and there is no simple way to identify them or to understand their situation. Frontline experience shows that some needy elderly remain "hidden" partly due to the following reasons
 - (a) they are "disengaged" from the community they may be unaware of the existing available services due to illiteracy/low education level, physical/social isolation, e.g. those living alone or in remote places, lack social networks, or are isolated/excluded due to ill health or lack of financial resources; and
 - (b) they have some special circumstances, e.g. they do not get along well with their families and have no financial capability on their own, but they may not be eligible for assistance after taking into account their total family income and assets.
- 5.11 The Commission considers that strengthening the outreaching efforts may be the most effective way to reach out and identify these "hidden elders". The Commission notes that the Government has built a fairly extensive network of community support services comprising the District Elderly Community Centres (DECCs), the Neighbourhood Elderly Centres (NECs) and the Support Teams for the Elderly (STEs). The Commission supports further strengthening their role to promote collaboration and co-ordination among different sectors and organisations at the district level to identify the hidden elderly.
- 5.12 In this regard, the Commission welcomes the Government's proposal to provide additional resources starting from 2007-08 for all the 41 DECCs and 115 NECs to enhance their outreaching work on singleton/hidden elders whom they have not yet networked, and bring them out of isolation. Singleton/hidden elders who are in need will be referred to existing public support network. The additional resources will enable the elderly centres to enhance the manpower to plan for the outreaching work and mobilise district resources including volunteers to address the needs of singleton/hidden elders.

STRENGTHENING HEALTH CARE SUPPORT TO NEEDY ELDERS

5.13 Access to affordable health care remains one of the greatest concerns among the elderly population. In Hong Kong, public medical services are heavily subsidised and it is a long-established public policy that no one would be denied adequate medical treatment due to a lack of means. For needy patients, including the elderly, who cannot afford public medical fees, assistance is available under the medical fee waiver mechanism.

Medical fee waiver mechanism

5.14 The Commission notes that all CSSA recipients are entitled to free medical treatment without the need of further assessment. Non-CSSA recipients who cannot afford public medical fees would need to apply for waivers. The Commission notes that a number of improvement measures have been introduced in order to make the medical fee waiver mechanism more accessible to elderly patients⁷. Nevertheless, the Commission considers that the low utilisation rate of the mechanism is not due to the lack of financial needs of the elders but a lack of knowledge as well as the general reluctance of elders not on CSSA to go through the meanstesting procedures. The Commission urges the Government to further simplify the procedures and lengthen the period waivers as far as possible in order to facilitate application by needy elderly patients not on CSSA.

Cost of health care

- 5.15 Health care is expensive, not only to the needy elderly but to the general public as well. Medical costs are rising, and those who suffer from chronic illnesses bear a heavy financial burden. Sustainable health care financing arrangement is essential to ensure continued equitable and affordable access to health care services by the whole community, and is particularly important in providing a safety net for those in poverty and those who are subject to huge financial risks due to heavy medical costs.
- 5.16 The Commission considers that the Administration should provide greater relief on medical fees for needy elders, whether they are on CSSA or not. The Commission notes that the Government is conducting an in-depth study on health care reform including the long-term health care financing options, as well as public hospital fees and charges arrangements, and would take into account the need to ensure equitable and affordable access to health care services and to provide a safety net to address the health care needs of the poor elders.

Strengthening support for needy elders discharged from hospitals

- 5.17 The Commission notes that some needy elderly hospital dischargees may not be able to look after themselves or lack family support upon discharge from hospitals. As a result, they may choose to go to RCHEs instead of returning homes after hospital discharge. Some may be readmitted to hospitals within a short period of time after discharge.
- 5.18 The Commission welcomes the Government's initiative to implement a trial scheme to provide one-stop support services to needy elderly dischargees who have difficulty in taking care of themselves, and carers' support and training. This will help enhance the quality of life of elderly hospital dischargees and reduce the need for unplanned hospital re-admission. The Commission suggests that particular attention should be given to the needs of vulnerable elders.

Strengthen primary healthcare

5.19 On the preventive side, the Commission considers that primary healthcare service for the elderly at the community level should be strengthened in order to reduce medical risks and costs. The Commission notes that the Elderly Health Services of the Department of Health provides integrated health services to the elderly through 18 Elderly Health Centres and 18 Visiting Health Teams. That said, they are not the only service provider to cater for the primary health care needs of the elderly. All the stakeholders, including private practitioners, have to work together to take concerted efforts to meet the varying primary health care needs of the elderly through various measures and services. The Commission also notes the Health and Medical Development Advisory Committee (HMDAC) has explored a number of relevant issues⁸, including strengthening health promotion and preventive care, and how to make use of the private doctor network at the community level.

ADDRESSING THE HOUSING AND LONG-TERM CARE NEEDS OF NEEDY ELDERS

Housing

- 5.20 The Government's public housing programme is one of the key instruments to improve the standard of living of low-income families. More than 60% of elders live in subsidised housing, including public rental housing and purchased flats under Home Ownership Scheme. The average waiting time for public rental housing is about two years and elderly applicants are given expedited access under various priority flat allocation schemes.
- 5.21 Some elders who are owner-occupiers of private old buildings may be "asset-rich but income-poor". The Commission notes that the Hong Kong Housing Society has launched the Building Management and Maintenance Scheme to help owner-occupiers of dilapidated buildings to maintain their buildings, including interest-free loans to carry out repair works. Some elders are gaining assistance through collaboration of NGOs and financial institutions to arrange reverse mortgage for their properties in order to support their living expenses. As some 24% of elders have self-occupied properties and the percentage should increase in the future, the Commission considers this a possible option to assist these elders to pay for their living expenses.

Long-term care needs

- 5.22 The Commission notes that as the population ages, long-term care needs including demand for centre-based/home-based community care services and subsidised RCHE places would continue to increase¹⁰.
- 5.23 To meet the increasing demand for centre-based/home-based community care services, the Government has continued to increase the provision in recent years. In terms of subsidised

- RCHE places, the number has increased from about 16 000 in 1997 to about 26 000 at present, representing an increase of 60%. Within the next two years (2007/08 2008/09), the Government aims to provide an additional 850 subsidised residential care places.
- 5.24 The Commission is concerned about the long waiting time for subsidised RCHE places. With a rapidly ageing population, a very rough estimation shows that the Government may have to deploy three times as much expenditure in the next three decades just to maintain the current waiting time for subsidised RCHE places². The absence of a means-testing mechanism and a robust market of quality self-financing residential care services may lead to a greater increase in the demand for subsidised residential care places.
- 5.25 The solutions to address the increasing demand for RCHEs cannot rest merely with meeting the demand through publicly funded services. The Commission considers that the Government should consider the following as part of the longer-term strategies to tackle the issue -
 - (a) provide better long term planning on the provision of subsidised residential care places as well as community care services for the elderly;
 - (b) enhance the quality of residential care places through encouraging a more robust market comprising quality self-financing and private RCHEs. In this regard, the Government should examine means to enable a greater extent of co-payment of fees among individuals, their families and the Government, including a means-tested voucher system and assistance to the needy in selecting different services; and
 - (c) consider more vigorous targeting in using limited public resources to assist the elderly most in need of assistance, e.g. consider whether subsidised residential care service should be means-tested in order to ensure that limited public resources could reach the most needy elderly.
- 5.26 Regarding (c) above, the Commission notes that while more vigorous targeting would help free some resources to assist the most needy elderly with genuine financial and care need, it involves a number of complicated issues, including the design of the means-testing mechanism, to what extent it would release pressure on subsidised residential care provision, and whether those not eligible have alternative choices of quality care services or are ready to age in place.
- 5.27 Provision of elderly services is considered one of the key potential areas for the further development of social enterprises (SEs). Some Commission members noted the development of voucher system in the UK which instils a greater level of flexibility in the provision of such services, and suggested further consideration on how to encourage further SE development in the provision of elderly services.

FINANCIAL SECURITY IN OLD AGE¹⁰

- 5.28 The Commission has drawn reference to the three pillars retirement financial protection for Hong Kong -
 - (a) publicly funded CSSA and Old Age Allowance (OAA);
 - (b) Mandatory Provident Fund (MPF) schemes; and
 - (c) voluntary private savings and investment.
- 5.29 The Commission notes that the introduction of the MPF under the Second Pillar ensures that a large proportion of our population has some level of retirement protection. Nevertheless, given the existing contribution level, it would only provide basic retirement protection for retirees. The MPF also does not provide a solution for retirement security for all kinds of people. Some, including low-income earners with monthly income below \$5,000 and non-working population, are not covered, and those who were close to retirement age in 2001 may not be able to save enough due to the short contributory period. They have to rely on other sources of financial support from family and public assistance.
- 5.30 Under the Third Pillar, Hong Kong has a relatively favourable policy environment (neither tax on capital gains nor duty on estate) which facilitates voluntary savings and investment. Support from family members continues to remain an important source of income for elders. According to a survey conducted by the Census and Statistics Department in 2001, about 1.68 million people (or 30% of all persons aged 15 and over) supported their parents financially, amounting to an annual expenditure of around \$62 billion. The Commission reaffirms the important role of the family in caring for the elderly, and the need to find ways to encourage and facilitate family support for the elders in our public policy.
- 5.31 Under the First Pillar, the CSSA Scheme offers a safety net for those who could not support themselves financially. Elderly recipients receive special care including the provision of higher standard rates, special grants and supplements under the CSSA Scheme. The Director of Social Welfare may also exercise his discretion under the CSSA Scheme to assist elderly in need having regard to the situation of each family.
- 5.32 Besides the CSSA Scheme, the OAA also offers cash allowance to eligible elders of 65 or above to meet their special needs arising from old age. Both the CSSA and the OAA are non-contributory and funded by general revenue. While the CSSA is means-tested, the OAA is a

- largely non-means-tested scheme. As at the end of 2006, 90% of the elderly aged 70 or above (i.e. 565 456 recipients) received public financial assistance either in the form of CSSA, OAA or Disability Allowance.
- 5.33 There have been repeated calls for the Government to establish a universal retirement protection scheme for all. The Commission notes that any proposal to strengthen the Public Pillar would have to be financially sustainable in the long term, bearing in mind the existing level of welfare spending and the pressure an ageing population will place on the public support system.
- 5.34 In terms of public financial assistance, the Commission notes that expenditure of CSSA (on old age cases) and OAA has increased by 77% in 2004-05, compared to 1996-97. It was estimated that in thirty years, the payment of social security for the elderly might increase from \$11.8 billion in 2005-06 to \$30 billion. Public expenditure on elderly welfare services will also continue to increase. That said, the Commission considers that the Government should consider a slightly more relaxed asset limit for the elderly under the CSSA Scheme on compassionate grounds, without changing its nature as a scheme of last resort for those genuinely in need.
- 5.35 The Commission notes that the Central Policy Unit is conducting a study to examine the sustainability of the three pillars of retirement protection. The study is expected to complete in 2007 and the Government will take into account the results of the study and explore ways to strengthen the three pillars. The Commission considers it important to plan early and prevent poverty in future elderly generations, leveraging on the coming years when the increase in the elderly population will still be relatively moderate.

DIRECTION FOR FUTURE WORK

- 5.36 An ageing population places significant pressures on our public support systems to care for the elderly, in particular those who cannot take care of themselves and lack family support. But ageing does not necessarily imply reliance on public assistance. With the advancement in medical science and greater health awareness, more cohorts of our population will age with better education, better health and better financial means in the future. In addressing the challenges we should also encourage the participation of the elderly in the society, and to tap this valuable pool of resources in order to help those who are needy in the community.
- 5.37 The Commission has examined with the EC the key needs of elders in need, and supports continued work to strengthen our support 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 (*Paragraph 5.6*).
- Further improve our support systems for the elderly based on shared responsibility and financial sustainability, and target public resources to take care of the most needy (Paragraph 5.6).
- Enhance understanding 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 long-term development of a health record infrastructure (*Paragraph 5.9*).

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 (*Paragraphs 5.10* 5.12).
- 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 (*Paragraph 5.36*).

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 (*Paragraph 5.15*).
- 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 (*Paragraph 5.19*).
- Strengthen the support for elderly hospital dischargees and their carers through implementing a trial scheme to provide **one-stop support services to needy elderly dischargees** who have difficulty in taking care of themselves and carers' support and training, with particular attention to the needs of vulnerable elders (*Paragraphs 5.17-5.18*).

- 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 (*Paragraph 5.14*).
- Provide greater relief on **medical fees for needy elders**, whether they are on CSSA or not (*Paragraph 5.16*).

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 (*Paragraphs* 5.20 5.21).
- 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 the increasing demand from an ageing population (*Paragraph 5.25*).
- **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** (*Paragraphs 5.25 5.26*);
 - 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 (*Paragraph 5.25*); 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 (*Paragraph 5.25*).
- Encourage **further SE development** in the provision of elderly services (*Paragraph 5.27*).

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 (*Paragraph 5.34*).
- Consider how to provide **financial security** for the future elderly generation as soon as possible, taking into account the outcome of the on-going study on the sustainability of the three pillars of retirement protection (*Paragraphs 5.28 5.35*).



6 DISTRICT-BASED APPROACH

DISTRICT-BASED APPROACH TO ALLEVIATE AND PREVENT POVERTY

- 6.1 At its first meeting on 18 February 2005, the Commission agreed to adopt a district-based approach to alleviate and prevent poverty, in recognition that -
 - (a) centrally-driven policies alone may not be sufficient to tackle poverty, since different districts have different characteristics and some are less well-off than the others;
 - (b) using a district-based approach can facilitate a more concrete and contextualised understanding of the unique challenges faced by different communities, and facilitate adopting more targeted measures to address poverty issues;
 - (c) there are rich district resources (local personalities who understand the local situation, social networks etc.) which can be mobilised and tapped to assist the disadvantaged;
 - (d) using a district-based approach can allow a more flexible adaptation of services at the district level to meet the changing demographics and needs, and help prevent problems from emerging, instead of formulating strategies to tackle them afterwards.



6.2 Adopting a district-based approach however is not a substitute for assistance guided by centrally-driven policies. Rather, it is a necessary complement to assistance and support from outside the community.

WHAT IS THE DISTRICT-BASED APPROACH?

In gist, the district-based approach is about **more opportunities** and **stronger capacities** for the less well-off districts -

- to take into account local needs and characteristics in designing and implementing central poverty alleviation policies, and provide more opportunities for the less well-off districts; and
- to enhance local capacities to make the best use of the community resources to help the disadvantaged.

WORK OF THE COMMISSION

A Task Force on District-based Approach was set up under the Commission to –

- (a) enhance understanding of the key challenges faced by the less well-off districts, and monitor the implementation of the district-based approach in the three pilot districts;
- (b) consider appropriate central policies and measures to provide more opportunities to the less well-off districts; and
- (c) examine the good practices at the district level and recommend ways to enhance local capacities to tackle future challenges.

ENHANCING UNDERSTANDING OF DISTRICT NEEDS

6.3 Enhancing understanding of the needs of different districts is a necessary step to analyse how we strengthen the capacities of the less well-off districts to address local challenges. The Commission achieved this both by drawing reference to the primary data of the districts, as well as through implementing initiatives following the district-based approach in three pilot districts.

Indicators of poverty

- 6.4 During compilation of the poverty indicators, the Commission notes that besides analysing the situation of the different age groups, it is important to include a district perspective in the poverty indicators in order to reflect the general well-being of different districts. A number of indicators have been selected for the purpose (See Chapter 2 for the indicators and analysis, paragraph 2.11).
- 6.5 The poverty indicators are intended to keep track of the poverty situation at the macro level, and provide prima facie indication of the districts which deserve more attention. For example, the 2006 indicators show that among the less well-off districts, improvements in Kwun Tong have been most distinct while the performance was less encouraging for Islands and Yau Tsim Mong.
- 6.6 The Commission notes that for the purpose of formulating policy initiatives or for tackling more localised poverty issues at the neighbourhood level, there is a need to draw reference to more detailed local data (e.g. Social Indicators on District Welfare Needs¹), district characteristics, relevant researches and studies, as well as collating views from local stakeholders. Government bureaux and departments should take into account the different characteristics and needs of districts in formulating and implementing policies at the district level.

Implementing district-based approach in pilot districts²

6.7 In order to have a more in-depth understanding of the needs of the less well-off districts, the Commission agreed to select three pilot districts for experimenting the district-based approach, namely Yuen Long (including Tin Shui Wai), Kwun Tong and Sham Shui Po, which are less well-off taking into account a number of district indicators.

- 6.8 In response to the initiative of the Commission, the three pilot districts have established new poverty alleviation for chaired by District Officers (DOs) since mid-2005. Local stakeholders were engaged to identify the key challenges faced by the districts, drawing reference from available information and data, local characteristics and views from the stakeholders. District priorities and strategies were identified in response to the key challenges, and action plans were formulated accordingly.
- 6.9 The Commission has also conducted a number of visits to the pilot districts and met with the local stakeholders in order to gain a first-hand understanding of the district needs. Taking into account the experience of the pilot districts, a number of initiatives have been launched to reinforce the district-based approach from the central level and provide more opportunities to the less well-off districts (paragraphs 6.10 to 6.19 below).

PROVIDING MORE OPPORTUNITIES TO LESS WELL-OFF DISTRICTS

- 6.10 On top of the efforts of the three pilot districts and the existing services available, the Commission notes that there is room to reinforce the district-based approach and to provide more opportunities to the less well-off districts from the central level.
- 6.11 During the dialogues with the local stakeholders, the following were the major concerns expressed at the district level which could not be addressed by the efforts of the districts alone -
 - (a) specific needs of communities e.g. Tin Shui Wai (TSW) which is more economically deprived; and
 - (b) needs for additional resources for districts to launch initiatives to assist the disadvantaged.

Additional measures to address specific needs of districts

6.12 TSW is often highlighted as one of the communities which requires additional central policy support and remedial measures to rectify the inadequacies in its development. There are a lack of local employment opportunities, a high concentration of families with a less privileged background, a high percentage of youth, and a relative lack of local community facilities and established social networks. The relatively high transport costs for commuting between TSW and urban districts is seen as a disincentive for low-income employees to work across districts.

- 6.13 In response to the community concerns and the Government's pledge to tackle poverty at the district level, the following additional measures have been launched -
 - (a) pilot transport support schemes to provide additional work incentives to the needy living in the more remote districts (Chapter 3, paragraphs 3.25 3.31);
 - (b) establishing new job centres in Yuen Long and North districts in September 2006 to provide job-seekers living in remote areas with a full range of employment services³;
 - (c) strengthening retraining service in TSW in terms of the number of training centres operating retraining courses and the number of training places offered to TSW residents³;
 - (d) stepping up provision of community facilities in TSW (and Tung Chung) (Chapter 4, paragraph 4.36).
- 6.14 The Commission notes that addressing the specific needs of more deprived communities like TSW requires sustained efforts and measures to address the relative lack of employment opportunities (Chapter 3, paragraphs 3.29 to 3.31).

Additional resources for district-based initiatives

- 6.15 Despite the availability of a wide array of Government services and programmes to help the disadvantaged, official measures designed according to general eligibility criteria often cannot address needs of individuals and their families with unique circumstances, or "hidden cases" which are not covered by existing services due to various reasons. Hence, district-based initiatives delivered by local NGOs and community organisations are necessary supplements to formal services provision.
- 6.16 In terms of resources available at the district level, the Commission notes that a number of government funding sources are available which enable districts to come up with bottom-up solutions to address local needs (Appendix viii). An increasing number of these funding sources have a special focus on the needs of the disadvantaged, while some others promote cross-sectoral partnership and social capital which in turn enhance the capacities of the disadvantaged in the process.

- 6.17 During the dialogues with the local stakeholders, the Commission notes that the concern is not simply a lack of funding sources for district-based initiatives, but how these funding sources can be deployed effectively to mobilise the community to address the needs of those not assisted by the existing services. Noting the funding sources serve different objectives and purposes, the Commission considers that it would be useful to enhance information dissemination of the various funding sources, and to streamline the application procedures. In the longer run, there is merit to keep in view the need to streamline and rationalise the various funding sources for district-based poverty alleviation initiatives.
- 6.18 At the same time, the Commission notes that none of the existing funding sources are employment-focused. Taking into account the emphasis on employment to prevent and alleviate poverty, the Commission supports setting aside new resources to encourage district-based projects to create sustainable local employment opportunities⁴.
- 6.19 In the 2006-07 Budget, \$150 million has been earmarked over the next five years to strengthen district-based poverty alleviation work and assist socially disadvantaged groups to gain self-reliance, including support for social enterprises at the district level. In response, the Home Affairs Department has launched the Enhancing Self-Reliance Through District Partnership Programme.

ENHANCING SELF-RELIANCE THROUGH DISTRICT PARTNERSHIP PROGRAMME

The Programme was launched by the Home Affairs Department in mid-2006 in response to an initiative of the Commission on Poverty to reinforce its work in preventing and alleviating poverty through a district-based approach. It has also taken into account the renewed emphasis on district partnership in the Review on the Role, Functions and Composition of District Councils.

The Programme seeks to promote sustainable poverty prevention and alleviation efforts at the district level that help enhance self-reliance, targeting socially disadvantaged groups. Instead of providing welfare or short-term relief, the Programme aims at increasing the skills and capacities of the employable and providing opportunities for the disadvantaged to upgrade themselves and to be effectively integrated into community. As at early 2007, the Programme has provided start-up funding to 41 social enterprise projects, which are expected to provide about 750 jobs. Most of them operate in the less well-off districts⁵.

JOINING UP LOCALLY

- 6.20 In order to deliver assistance to the disadvantaged effectively, the Commission considers that central policies should allow a degree of flexibility for districts to adjust during the implementation process according to their characteristics and needs. At the district level, there is a need to "join up" policy and delivery in order to respond to local needs, remove local barriers and achieve greater impact.
- 6.21 In this regard, the Task Force has drawn reference from the District Welfare Planning Protocol⁶, which provides a planning framework for District Social Welfare Officers (DSWOs) to follow in the planning and delivery of welfare services at the district level. The framework allows DSWOs to take into account local characteristics and to identify local service needs and gaps during the planning and delivery process. It also enhances district coordination through the District Coordinating Committees to forge cross-sector collaboration, and strengthens the local outreaching network to deliver assistance to the needy.
- 6.22 In terms of coordinating poverty alleviation work at the district level, while the role of DSWOs remains important, District Officers (DOs) have played an instrumental role in the experience of the three pilot districts (paragraphs 6.7 6.8)⁷
 - (a) the dedicated for chaired by DOs, comprising of Government officials, NGOs and district leaders, facilitate drawing up overall poverty alleviation directions and strategies, and guide local stakeholders to focus resources and efforts on common district priorities;
 - (b) efforts of DOs enhance inter-departmental cooperation and cross-sector collaboration to address district needs and remove local barriers; and
 - (c) there is room to make better use of local resources and community networks to assist the needy, especially those "hidden" cases which are not covered by existing measures for various reasons.
- 6.23 In this regard, the Commission supports the Administration's direction to strengthen the role of DOs as an overall coordinator and leading representative of the Government at the district level, and act as an important link with local stakeholders to deal with issues concerning people's livelihood, strengthen community building, and promote community and charity work at the district level. DOs should be given a clearer mandate to coordinate interdepartmental efforts at district level of key concern areas relating to poverty alleviation and prevention, in order to better respond to local needs, remove local barriers and achieve greater impact. At the same time, the Government should provide DOs with support and avenue for escalating problems which cannot be dealt with at the district level and which require high-level intervention⁸.

- 6.24 The Commission considers that employment is one of the areas where district coordination can be further enhanced. Employment service should be planned and delivered according to specific needs of unemployed in individual districts. Better interface among service providers, including different government departments to assist the "difficult-to-employ" is very important.
- 6.25 The Commission notes that currently there are forums at the district level (sub-committees / working groups under the District Councils, such as Labour and Economic Committee) which discuss issues relating to local employment. Job centres also actively reach out to local employers. The Commission notes that as a short-term enhancement measure, LD and SWD offices at the district level would strengthen their coordination and collaboration. The new job centres in the North District and Yuen Long opened in September 2006 also strengthen the local district networks in promoting employment in the remote areas. In the longer run, the Commission recommends that the Government should consider adopting a more integrated model in helping the unemployed to work, including at the district-level⁹.

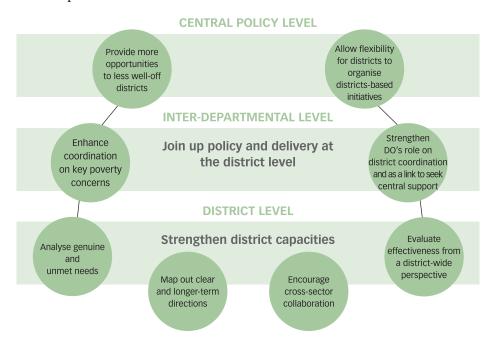
STRENGTHENING LOCAL CAPACITIES

- 6.26 In order to examine the good practices at the district level in alleviating and preventing poverty, and to consider ways to strengthen local capacities to tackle future challenges, the Commission has conducted a Study on District-based Support for the Disadvantaged. The Study has taken into account the experience of the three pilot districts, as well as consolidating poverty alleviation work carried out by other districts (Executive Summary at Appendix ix).
- 6.27 The Commission notes that 10 districts have set their objectives, directions and strategies for poverty alleviation work, and there are a variety of mechanisms in coordinating poverty issues at the district level. The major observations of the Commission are as follows -
 - (a) there is no single ideal model which should be adopted by all districts to tackle poverty districts have their own characteristics, strengths/weaknesses and local dynamics. It is not appropriate to apply a "one-size-fits-all" model to direct how districts should plan and coordinate poverty alleviation work;
 - (b) there are however essential steps that should be taken by districts in analysing and identifying local needs, mapping out directions, planning and implementing programmes, and evaluating effectiveness of poverty alleviation and prevention programmes. These are captured in a Checklist at Appendix x.

- 6.28 Through implementing the Checklist, it is hoped that districts can strengthen their capacities and make the best use of the community resources to help the disadvantaged by -
 - (a) setting clear and longer-term directions to tackle poverty issues of priority concern in the district, and communicating them to local stakeholders widely so that different stakeholders can align their programmes to the common directions and allocate resources accordingly;
 - (b) engaging local stakeholders in developing the directions and strategies, and encouraging cross-sector collaboration;
 - (c) identifying the genuine needs of the disadvantaged systematically, through analysing community data and reaching out to the "hidden" ones who are needy but not served by existing services or are outside the local networks; and
 - (d) assessing effectiveness of district programmes through developing district-wide performance indicators based on the directions and strategies set.

DIRECTION FOR FUTURE WORK

6.29 The district-based approach is a necessary complement to central policies to alleviate and prevent poverty. It requires sustained efforts at three different levels – central policy level, inter-departmental level and the district level.



STRENGTHENING CENTRAL SUPPORT TO DISTRICTS

- Enhance understanding of characteristics and needs of districts (through poverty indicators, other primary data and collating views from the districts), and take them into account in formulating and implementing policies at the district level (*paragraphs* 6.4 6.6).
- Provide more opportunities to less well-off districts, including physical infrastructure (community facilities), economic and employment opportunities, and enhanced measures (*paragraphs* 6.12 6.14).
- 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 (*paragraphs* 6.15 6.19).
- 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 can be removed in a timely manner (*paragraph 6.23*).

STRENGTHENING INTER-DEPARTMENTAL COORDINATION AT DISTRICT LEVEL

- Strengthen the **role of DOs** to enhance cross-sector collaboration to address district needs; this should be complemented by central policy support (*paragraphs* 6.22 6.23).
- Give DOs 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 (paragraphs 6.20 -6.25).

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 (*paragraphs* 6.26 6.28).
- Encourage the establishment of **district-based platforms** or mechanisms to identify district needs and responses, comprising of Government officials, NGOs and district leaders (*paragraph 6.22*).



PROMOTING SELF-RELIANCE THROUGH PARTNERSHIPS

- 7.1 One of the tasks of the Commission is to explore how to encourage community engagement; delineate responsibility between the government, the social welfare sector and community organisations¹; foster public-private partnerships and mobilise social capital² in alleviating poverty³.
- 7.2 This is an important aspect of the Commission's work it requires more than the provision of assistance to the needy to help them move out of poverty and achieve self-reliance. Besides knowledge and skills, attitudes, personality and motivation are also the critical success factors in shaping careers and future. Social networks are most needed by those caught in the cycles of poverty to activate their motivation and search for opportunities. Partnerships help strengthen social networks and offer opportunities.
- 7.3 Support from the Third Sector and the private sector is essential in building partnerships to tackle poverty poverty issues are becoming increasingly complicated and can no longer be satisfactorily resolved by the efforts of any one sector alone. There is increasing recognition of the limitations to rely on public assistance, provision of welfare and corporate giving in enhancing capacities of the poor and promoting self-reliance. Joint efforts are required to search for more sustainable partnerships and innovative solutions.

ROLE OF GOVERNMENT IN FOSTERING PARTNERSHIPS

- 7.4 There has been a long history of tripartite partnerships between the community, the business sector and the Government in Hong Kong⁴. Such partnerships appear in many forms. Besides supporting specific social causes including poverty, the process also contributes to the building of social capital and development of civil society⁵.
- 7.5 Many such partnerships are driven by the volunteerism of the private sector and Third Sector without the participation of the Government. Indeed, a diverse, independent and thriving civil society is key to driving innovations, social change and progress in our society. That said, the Commission considers that given the diversity of the private sector and the Third Sector, the Government can play an important and sometimes leading role in promoting worthwhile approaches and partnership models. The Government can also be a facilitator in building platforms to help pool community resources together, and provide incentives to encourage worthwhile partnerships.
- 7.6 The Commission notes the Government has placed increasing emphasis on fostering partnerships and building social capital in the community in recent years. The Community Investment and Inclusion Fund (CIIF) was established in 2002 to provide seed money to support collaborative efforts of community organisations and the private sector. The CIIF provides a useful platform for identifying successful formulas in building up social capital in the districts, and to promote good practice models.
- 7.7 In addition, the Government established the Partnership Fund for the Disadvantaged in 2005 to further incentivise the welfare sector to expand their network in seeking and securing corporate sponsorship, and to encourage the business sector to assume more social responsibility in helping to create a cohesive, harmonious and caring society.
- 7.8 The Commission took note of the key initiatives in fostering partnerships by the Government in helping the less advantaged in the community, and explored additional models and mechanisms which help pool resources from different sectors to tackle poverty in a sustainable manner.

THE UNEMPLOYED AND WORKING POOR

- 7.9 Private sector participation is crucial in enhancing the employability and creating job opportunities for the poor with working abilities. In this regard, the relevant government agencies and the NGOs which deliver employment assistance to the less advantaged have been working in close partnerships with the private sector in various forms. Increasing emphasis is also placed in creating district networks in partnership with local chambers and businesses in developing community job opportunities.
- 7.10 The Commission notes that there are obstacles in promoting certain forms of partnerships, e.g. placement opportunities for the unemployed in a real work environment, especially those who are "difficult-to-employ" (middle-aged, low-skilled and low-education), and non-engaged

youths who may lack motivation and life objectives. While some private sector is willing to assist the disadvantaged to adjust to work, they sometimes lack the expertise and resources to provide guidance and support, the essential elements which help the disadvantaged build self-confidence and motivation to work.

- 7.11 Drawing reference from local and overseas experience, the Commission further supports the development of social enterprises as an innovative approach to pool together the resources from the private and Third Sector in creating community employment opportunities. The Enhancing Self-Reliance Through District Partnership Programme was launched in 2006 to provide support to sustainable district partnerships to assist the disadvantaged, including social enterprises.
- 7.12 The Commission considers that social enterprises offer a good model for the Third Sector and the private sector to form sustainable partnerships to facilitate work integration of the disadvantaged into mainstream job market. The Commission recognises that such partnerships require careful matching of needs and resources, as well as shared common purposes. The Commission suggests that the Government should consider building a platform for fostering tripartite partnerships in support of social enterprise development⁶.

CHILDREN AND YOUTH

- 7.13 One of the key determinants in the healthy and balanced development of children is the availability of positive role models in a child's life (Chapter 4, paragraph 4.15). Besides family members and peers, developing a mentorship network and building social capital using schools as a platform is also important.
- 7.14 In this direction, the Commission has explored a number of pilot initiatives to explore new models to promote social capital building among children. A Mentorship Fun Project was launched to encourage the building up of social capital in the education sector by building an electronic platform, the Voluntary Service Exchange, to match those who have interest to offer voluntary services and those who may need such support. A travelling allowance is also provided to the volunteer mentors. Since July 2005, more than 3 600 students have joined the project as mentors and they have performed over 60 000 hours of voluntary services.
- 7.15 Recognising the private sector as an important source of support and exposure to students, the Commission has also tried out a pilot partnership model by encouraging companies to "adopt" schools, especially those with a significant proportion of students from disadvantaged families, and to develop a growing, longer-term and progressively deeper relationship with the adopted schools. Six companies and four schools have joined the pilot. The experience of the pilots would be shared with the Education and Manpower Bureau in considering how to further promote social capital building by using schools as a platform.

- 7.16 The Commission considers that it is worthwhile to explore how to further encourage quality mentoring efforts for children and youth. The Commission notes that while children from a disadvantaged background may benefit significantly from such efforts, there is a need to avoid labeling them with a greater need for mentoring support so as not to undermine the role of their own family members. The Commission has also examined resources relevant to promoting better quality mentoring⁷. While mentoring efforts depend to a large extent on the volunteerism on the part of the volunteers, advice and support to the mentors and monitoring of the impact on the mentees help enhance the effectiveness of mentorship programmes.
- 7.17 In order to provide more intensive support to children from a disadvantaged background, the Commission supports establishing a new Child Development Fund (CDF) in Hong Kong. Besides encouraging children to develop their own personal development plans and build up their assets through targeted savings, the Commission considers that complementary mentorship support should be an essential feature of the CDF. The Commission believes that the CDF provides a new model to draw on the resources from the family, the private sector, the community and the Government effectively in support of the longer-term development of children from a disadvantaged background.

OTHER DISADVANTAGED GROUPS

- 7.18 The strength of community networks, the amount of social capital and the degree of participation of the disadvantaged group in the community are closely linked to their well-being as a member of the society and their ability to access to essential assistance and services, and core to any effort to alleviate and prevent poverty.
- 7.19 The Commission supports continued effort to foster partnerships among different sectors to address the needs of different disadvantaged groups, including the elderly, women and single parent families, people with disabilities, ethnic minorities, and new arrivals from the Mainland. The Commission believes that the longer-term objective is to explore more effective mechanisms to pool the efforts and resources of different sectors to assist the disadvantaged, and to maximise their participation in the community.



WORK PROGRAMME OF THE COMMISSION

- 8.1 In discussing its work programme, the Commission was aware that a vast range of policies and programmes are in place to assist different needy groups in the community. The Commission agreed 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.
- 8.2 In the past two and a half years, the Commission has conducted an examination of the policies and measures relevant to alleviating and preventing poverty of the following groups -
 - children and youth;
 - the unemployed and working poor; and
 - the elderly.

In addition, the Commission has also focussed on the following key areas of work which are cross-cutting in nature -

- enhancing understanding on poverty issues;
- strengthening the district-based approach; and
- exploring ways to build partnerships in the community.

- 8.3 For other disadvantaged groups, the Commission has agreed to keep in view their needs¹, and to explore how to assist them in its work. These groups include -
 - women and single parent families;
 - persons with disabilities;
 - ethnic minorities; and
 - new arrivals from the Mainland.

This chapter sets out some of the work of the Commission relating to these disadvantaged groups.

WOMEN

- 8.4 Women play an important role in the family, often as carers for children and other family members. Women often have to face pressure from both work and family, as over 40% of married women participate in the labour force in Hong Kong. There is also an increasing number of single parent households. Most of these households are headed by females, who face pressure from both family and work.
- 8.5 The Commission has taken into account the particular needs of women in its work. Efforts to promote employment (Chapter 3) and to strengthen support to children and family (Chapter 4) should benefit women as well as men. Specifically, the Commission supports efforts to enhance capacity, employability and economic participation of women from a disadvantaged background (e.g. low income, low education, socially excluded).

Enhancing capacity

- 8.6 Enhancing the capacity of women from a disadvantaged background and equipping them with a positive mindset are important in helping them to cope with different life challenges. Empowering women who are carers for children would also have a positive impact on the next generation.
- 8.7 The Commission notes that the Women's Commission (WoC) has launched the Capacity Building Mileage Programme to encourage women of different backgrounds and education levels to pursue life-long learning and self-development. The Commission also notes that its mode of operation (through radio broadcasting and optional face-to-face learning activities) provides a flexible way for women, particularly those who are carers and who have to spend a lot of time at home, to enhance their capacity. The Commission supports the WoC's continued efforts, in particular its initiatives for women from a disadvantaged background. The WoC also plans to strengthen parent education in the Programme in response to the Commission's initiative (Chapter 4, paragraphs 4.25 4.26).

Enhancing employability and economic participation

- 8.8 In relation to poverty alleviation, the Commission's focus is on how to assist the "difficult-to-employ", viz. low-skilled, low-education and middle-aged workers to enhance their employability and adjust to the changing demands of the labour market (Chapter 3, paragraphs 3.6 3.12). For female workers, there is a need for targeted employment training and assistance which take into account their special needs.
- 8.9 The Commission notes that since the establishment of employees retraining programme in 1992, over 1 million training places of various courses have been taken up. A total of about 500 000 retrainees have benefited from retraining, about 75% of whom are women. The Commission has also explored the job opportunities in the home help and personal care market which are suitable for women, and noted the proactive efforts of the Employees Retraining Board in developing these markets e.g. local domestic helpers, post-natal mentors, healthcare massage/foot reflexology, elderly home care etc.²
- 8.10 The Commission also notes that social enterprises (SEs), including co-operatives, offer opportunities for women to participate in economic activities. The Commission supports continued effort in this direction (Chapter 3, paragraphs 3.16 3.18).
- 8.11 The Commission notes that gender prejudice and discrimination are sometimes cited as factors causing women to be more prone to poverty³. In this regard, the Commission notes the on-going effort of the WoC to promote gender equality and gender mainstreaming in policy making and to tackle gender prejudices and stereotyping that impede women's development.

PERSONS WITH DISABILITIES

8.12 Persons with disabilities (PWDs) need the support of the community to integrate into society and to develop their capabilities. For PWDs with a certain degree of ability to work in the open market, the Commission notes the success of the Enhancing Employment of People with Disabilities through Small Enterprise Project in helping some PWDs to become self-reliant through providing support to SEs employing the PWDs.

"ENHANCING EMPLOYMENT OF PEOPLE WITH DISABILITIES THROUGH SMALL ENTERPRISE PROJECT"

A one-off provision of \$50 million was announced in the 2001-02 Budget in support of the project to enhance employability of PWDs. A non-recurrent grant to provide seed capital and the initial operating expenditure is provided, but the businesses should be self-sustaining in the long run. As at March 2007, 512 posts were created (for 371 PWDs and 141 persons without disability) by the 42 social enterprises in the Project. It is noteworthy that some of the projects have successfully competed for business in the open market.

- 8.13 The Commission has drawn reference from the experience of the Project, and supports extending the model to facilitate work integration of the able-bodied unemployed who are "difficult-to-employ", mainly low-skilled, low education and middle-aged workers.
- 8.14 In order to further promote the development of SEs in Hong Kong, the Commission supports the relaxation of the requirement that applicants under the Project have to employ at least 60% PWDs to 50%. This relaxation should enable SEs to widen their range of business activities and allow more unemployed persons and PWDs to benefit.
- 8.15 In order to provide more opportunities to SEs employing PWDs, the Hospital Authority has agreed to increase the weighting for the employment of PWDs from 5% to 10% of the total score when assessing contracts. The Commission supports the Government in continuing to explore if further increases of this weighting for SEs is feasible.

ETHNIC MINORITIES

8.16 Ethnic minorities, particularly those who are non-Chinese speaking (for example, South Asians and Southeast Asians who make up about 4% of Hong Kong population in 2006), face more difficulties in integrating into the society and to fully develop their capabilities due to language and socio-cultural barriers. The Commission considers that it is important to provide opportunities and targeted support to ethnic minority groups in education and training, so that they can enhance their capacities and move out of poverty⁴.

Enhancing education support for ethnic minority children

- 8.17 The Education and Manpower Bureau has been implementing progressively a number of enhanced educational support measures for non-Chinese speaking (NCS) students, notably those from ethnic minority groups, to better prepare them for integration into the mainstream community, including -
 - providing intensive on-site support to designated schools to help them further enhance the learning and teaching of the Chinese Language subject, and making time-limited cash grants to schools to enhance support for these groups of students;
 - developing a supplementary guide on the teaching of Chinese under the umbrella of the central Chinese Language curriculum;
 - providing training programmes for Chinese language teachers in the designated schools;
 - running a Chinese Learning Support Centre which offers remedial programmes for NCS students who are less proficient in Chinese (in particular the late starters) after school or during holidays;

- extending summer bridging programmes to cover not only Primary 1 entrants but also students progressing to Primary 2, Primary 3 and Primary 4;
- identifying suitable vacant school premises in Yuen Long to support the running of programmes for NCS ethnic minority children;
- making arrangements for interested NCS students to participate in the General Certificate of Secondary Education (Chinese) examination in Hong Kong to provide them with an additional avenue to attain an alternative qualification in Chinese; and
- producing an NCS parent information package and leaflet introducing the local education system and the education support services for NCS students in the major ethnic minority languages.

Strengthening training for ethnic minorities

- 8.18 The different training institutes in Hong Kong have also taken into account the language needs of ethnic minorities and considered a number of measures to help them enhance their employability
 - the Vocational Training Council (VTC) has put in place dedicated programmes for ethnic minority youths and adults;
 - the VTC and the Construction Industry Training Authority (CITA) would consider recruiting speakers of the main minority languages (e.g. Urdu and Nepali) as interpreters in vocational training courses, and to translate course materials into these minority languages; and
 - the ERB has explored the provision of suitable retraining programmes for members of ethnic minorities, and plans to offer two courses on Security and Property Management, and Domestic Help in English in mid-2007.
 - the development of a Workplace Chinese programme to enhance the employability of those ethnic minority individuals who are not proficient in Chinese but who are past the stage of learning Chinese at school.
- 8.19 The Commission believes that better mutual understanding and acceptance will help speed up the integration process of ethnic minorities into the local community. In this regard, the Government has been working on promoting racial harmony and arousing public awareness of the importance to foster a culture of mutual tolerance and respect through public education and publicity. The recently introduced Race Discrimination Bill, if enacted, will also help safeguard the rights of the ethnic minorities and promote racial equality. The Government should continue to study the needs of the ethnic minorities and render appropriate assistance to promote integration and avoid their falling into poverty due to social exclusion.

NEW ARRIVALS

- 8.20 New arrivals (NA) from the Mainland of China under the One Way Permit (OWP) Scheme made up more than 90% of Hong Kong's population growth since 1997. An analysis of the profile of new arrivals shows that the majority of them were children with the right of abode in Hong Kong and Mainland spouses of Hong Kong residents. It is noted that there were no significant difference in the university attendance rate between local-born persons and Mainlanders who came to Hong Kong before the age of nine⁵. Providing education and support for the new arrival children and their families is important to ensure they can capture the available opportunities in society.
- 8.21 In this regard, the Commission notes that the Comprehensive Child Development Service (Chapter 4, paragraphs 4.22 4.24) has helped identified new arrival children and families who need more intensified support. The support measures to children and their families during the different stages of a child's development (Chapter 4) should also assist needy families including new arrival families.
- 8.22 Adult new arrivals did not generally have a high education attainment level and possessed little working experience⁵. While they provide a steady supply to the labour force, given their skills and experience, they are more prone to take up low-income jobs. They require more support to help them access the available services including education and training opportunities to enhance their capacities. Besides government support, strengthening social capital and community networks (Chapter 7) would help facilitate their integration into the community.
- 8.23 The Commission considers that new arrivals present challenges as well as opportunities to our society, taking into account the low birth rate and the ageing population. The Government would need to keep in view this important trend and to enhance the population potential through education and capacity enhancement so that the new arrivals can contribute to the development of the society.

DIRECTION FOR FUTURE WORK

8.24 This above highlights some of the work of the Commission relevant to these disadvantaged groups. The focus is to take into account their specific needs and background, to provide them with suitable support, to enhance their capacities and employability, and to promote social inclusion and integration. The Commission is aware that there are existing Government agencies and advisory bodies overseeing the policies and measures assisting the above disadvantaged groups. The Commission hopes that the different agencies and advisory bodies will take into account the poverty situation of the disadvantaged groups, and to continue our efforts in helping them to make the best use of their capabilities and avoid poverty.



ADOPTING AN INTEGRATED AND HOLISTIC APPROACH TO TACKLE POVERTY

- 9.1 In the past two and a half years, the Commission has taken a critical look at the existing policies and measures in helping the poor, examined what have worked in the past and what should be further strengthened, identified gaps and duplications, and suggested ways to improve coordination and enhance effectiveness. Besides making some immediate improvements, the Commission has made a number of policy recommendations on the direction for future work to prevent and alleviate poverty.
- 9.2 The Commission notes that the Government as well as the Third Sector and the private sector have invested a lot of resources and efforts in helping the needy. These are often delivered by different agencies using programme-based initiatives which are sometimes not visible and accessible to those in need. The Commission considers a programme-based approach may not be effective in tackling poverty issues which are complex and multi-dimensional.
- 9.3 The Commission believes that the longer-term objective is to enhance, strengthen, or further develop ways to integrate programmes not just within Government, but also the efforts of the Third Sector and the private sector, at the central level as well as at the district and community level. The Commission considers that adopting an integrated and holistic approach should be a core strategy for future efforts through understanding the varied needs of the disadvantaged groups, structuring our support accordingly, encouraging greater coordination, consolidation and integration between agencies to facilitate access to services, and evaluating the impact of public policies from a macro perspective.

- 9.4 In terms of support to the poor with working abilities, the Commission supports promoting employment as the key to alleviating poverty and achieving self-reliance. The Commission believes that the Government should move from a passive approach relying mainly on public assistance to a more pro-employment approach taking into account the needs of those with abilities to work, and 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 easily.
- 9.5 In this regard, the Commission is pleased to note that the Government plans to establish a new Labour and Welfare Bureau which should integrate the various services currently provided by the Employees Retraining Board, the Labour Department and the Social Welfare Department in assisting able-bodied persons to enhance synergy. This is in line with the recommendations made by the Commission to the Administration to promote more integrated and effective employment support.
- 9.6 In terms of structure of support, the Commission considers that the CSSA system has its limitations to promote work and self-reliance. In the long run, the Government should consider how to provide suitable support to the able-bodied unemployed and the working poor so that the system would not dampen the willingness of those who have the ability to work to seek employment and achieve self-reliance.
- 9.7 The Commission notes that there are suggestions to consider limiting the time able-bodied unemployed persons could continue to receive CSSA payment. Given the "one-household rule" under the CSSA Scheme, there is a need to consider carefully how to manage the impact of such measure including providing subsistence support to those households reaching the time limit, especially the elderly and the children members. Such "push-measures" cannot be launched in isolation, and needs to be accompanied by more integrated employment support and other complementary measures.
- 9.8 Some members have suggested looking into the so-called 'Many Helping Hands' approach in assisting the poor. Under this approach, income support scheme of the CSSA should be repositioned as a residual programme supplementing the services/benefits of other policy areas of employment, education, health and housing in meeting the needs of the poor, while not affecting the commitment of the Government in providing a basic safety net.

9.9 In terms of support to children and their families, the Commission notes that there are a vast number of agencies delivering services and programmes for children and youth. Some of them may not have taken into account the needs of their families; many are programme-based instead of focusing on the needs of children and youth at the different stages of their development. The Commission considers that the work of the Family Commission, if set up, should take into account the needs of children and families from a disadvantaged background.

INSTITUTIONAL ARRANGEMENT

- 9.10 The establishment of the Commission provided a valuable platform for representatives from a diverse background to examine from a macro perspective the core issues relating to tackling poverty in Hong Kong, and to engage different stakeholders and the community in the debate from a broader perspective. Despite differences in views, the Commission has managed to narrow differences and work in partnerships with stakeholders in reaching a consensus on how to understand poverty, and on the key directions for future work.
- 9.11 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. There is a need for the relevant bureaux/ departments to take ownership and to make focused and coordinated effort to take forward the policy recommendations. While the Commission has launched some trial initiatives, the Commission is mindful that it should not become an additional implementation agency and bypass the established government machinery.
- 9.12 The Commission nevertheless considers that there is a need to have a designated policy bureau within the Government to oversee and monitor the implementation of the Commission's recommendations of the Commission by different parties. This would facilitate the Government and the community to have a better understanding on the overall progress of poverty alleviation work.
- 9.13 Some have suggested that the Commission should become a permanent and overarching review and monitoring body, in particular on issues which cut across different policy areas. The Commission notes that the Government has mechanisms in facilitating inter-bureau and inter-departmental coordination on cross-cutting issues, and that there is a network of

advisory bodies overseeing different policy areas. The Commission considers that the key is to improve the institutional structure of the Government in order to support more integrated and holistic policy formulation and implementation. The new Labour and Welfare Bureau and the Family Commission which is being considered are moves in the right direction. The Commission believes that the Government should keep in view the changing needs of the community in deciding the most suitable institutional arrangement to continue to support poverty alleviation and prevention work.

LOOKING AHEAD

- 9.14 The challenges presented to our city are stark. Nevertheless, the Commission believes that Hong Kong possesses a number of strengths which would continue to help us face up to these problems in the future -
 - Hong Kong is an economically vibrant city which offers ample opportunities for people to improve their livelihood over time.
 - The system emphases meritocracy and is relatively open; people can, through their own efforts, capitalise on the available opportunities.
 - There is a wealth of resources in the community, including those in the public, private and third sectors, which can be deployed to tackle poverty.
 - While there is concern that income disparity divides the society, the concern is focused more on improving the well-being of the poor, as well as social mobility and equal opportunities in the system. Most would share the view that wealth accumulation remains an essential driver for continued growth of the city.
- 9.15 With more focused efforts and with all sectors working in partnership, the Commission believes we could together build a just, caring and harmonious society.

APPENDIX I: REFERENCES

CHAPTER 1 INTRODUCTION

- Please refer to CoP Paper 1/2006 for a discussion on public finance and its relationship to helping the needy.
- 2 Please refer to CoP Paper 11/2005 relating to the discussion on the CoP draft work programme.

CHAPTER 2 UNDERSTANDING POVERTY

- For a discussion of the different measurements of poverty, please refer to CoP Paper 3/2005.
- Detailed discussions on the updated Indicators of Poverty are in CoP Paper 10/2007. Previous discussions and detailed considerations are set out in CoP Paper 10/2005, CoP Paper 26/2005, and CoP Paper 14/2006.
- 3 This figure does not capture the elderly poor who are not on CSSA.
- The target recipients are those who are not on CSSA but have financial difficulties in meeting their medical expenses. As regards the elderly poor on CSSA who have health problems, their medical expenses at public hospitals and clinics have already been waived under the CSSA mechanism.
- Households with only elderly members aged 60 or above have been excluded from the compilation of workless households and low-income households as most of them should have retired.
- For reference: Indicators (16) and (18). Since assessing income of elderly people entails technical difficulties, some other methods have been adopted for measuring the population size of the elderly poor.
- Details of the Study on the "Effect of Taxation and Social Benefits on Household Income Distribution" are in CoP Paper 22/2006.
- 8 Details of the Study on Earnings Mobility are in CoP Paper 23/2006.
- 9 Previous discussions concerning income disparity are in CoP Paper 1/2006.
- The Gini Coefficient is widely used as an aggregate summary indicator of income disparity among households in Hong Kong. This indicator is compiled on the basis of household income data obtained from the Population Census/By-census conducted at five-year intervals. It is defined as a ratio with values between 0 (when all households have the same level of income) and 1 (when a single household has all the income). It should be noted that the Gini Coefficient is only one of many indicators that are used to measure income disparity.

CHAPTER 3 THE UNEMPLOYED AND WORKING POOR

- 1 Please refer to the following for more details of the background -
 - CoP Paper 19/2005: Assisting the Unemployed: Welfare-to-Work.
 - CoP Paper 20/2005: Comprehensive Social Security Assistance (CSSA) Scheme Able-Bodied

Caseload - Past Trend and 2014 Scenarios.

- CoP Paper 21/2005: Welfare-to-Work: Overseas Experience.
- CoP Paper 1/2006: Policies in Assisting Low-income Employees.
- CoP Paper 8/2006: An Analysis of Low-income Households.
- 2 Elderly households refer to those with all members aged 60 and over.
- Economically inactive households refer to those with all members outside the labour force and at least one of the members aged under 60.
- 4 Please refer to the following for more details relating to training -
 - CoP Paper 15/2006: Training, Retraining and Continuing Education.
 - CoP Paper 16/2006: Training, Retraining and Continuing Education Home Help and Personal Care Services.
 - CoP Paper 17/2006: Training, Retraining and Continuing Education Training and Employment Opportunities in the Hotel Industry.
- 5 Quotes from "Public Agenda", a nonpartisan nonprofit in the U.S.A.
- 6 The following two papers are relevant to the district study -
 - CoP Paper 6/2006: District Study on Employment Assistance Draft Report.
 - CoP Paper 18/2006: District Study on Employment Assistance Summary of the Government's Response to Recommendations.
 - The full report on "District Study on Employment Assistance" is available at http://www.cop.gov. hk/eng/pdf/District%20Study%20Report.eng.pdf.
- The following are the papers relevant to social enterprise. More information is available at the CoP website (http://www.cop.gov.hk/eng/concept%20se.htm).
 - CoP Paper 22/2005: "From Welfare to Self-Reliance" Social Enterprise Development.
 - CoP Paper 12/2006: "From Welfare to Self-Reliance" Promoting Social Entrepreneurship
 - Training.
 - CoP Paper 4/2007: "From Welfare to Self-reliance" Social Enterprise Development An Update.
- 8 See CoP Paper 7/2007: "From Welfare to Self-reliance" Social Enterprise Development Future Direction.
- 9 CoP Paper 10/2006: Provision of disregarded earnings (DE) under the Comprehensive Social
 - Security Assistance (CSSA) Scheme.
 - CoP Paper 2/2007: "From Welfare to Self-reliance" Disregarded Earnings.

- The following are the papers relevant to the discussion on transport support CoP Paper 5/2006: Work Incentives for Working Poor Transport Support For Those Living in Remote Areas.
 - CoP Paper 1/2007: From Welfare to Self-Reliance Transport Support Scheme.
- 11 CoP Paper 1/2006 refers.

CHAPTER 4 CHILDREN AND YOUTH

- 1 Relevant discussions are covered in the following CoP papers -
 - CoP Paper 12/2005: "Intergenerational Poverty".
 - CoP/TFCY Paper 1/2005: "An Overview of Existing Services for Children and Youth Relevant to Intergenerational Poverty".
 - CoP/TFCY Paper 4/2005: "Tackling Intergenerational Poverty Concept Paper".
 - CoP Paper 5/2007: Strengthening Support to Children and Families An Update.
- 2 Please refer to Chapter 2 and the discussions relevant to Indicators of Poverty.
- Adapted from "Middle Childhood Matters" published by the Child and Youth Health Network for Eastern Ontario.
- 4 Reference has been drawn to "A Needs Assessment Report of Children 0 5 Years" by the Committee on Promoting Holistic Development of Preschool Children.
- Background about the Comprehensive Child Development Service (CCDS) are covered in the following CoP papers -
 - CoP/TFCY Paper 2/2006: CCDS.
 - CoP/TFCY Paper 4/2006: CCDS: Progress of Pilot Implementation.
 - CoP/TFCY Paper 1/2007: CCDS: Review of Pilot Implementation.
- More information on existing parent education services is at http://www.cop.gov.hk/eng/tfchildrenmeeting4.htm
- 7 CoP/TFCY Paper 1/2006: Strengthening Parenting Support for Disadvantaged and Hard-To-Reach Parents. The Study on the Promotion of Parent Education for Economically Disadvantaged and Hard-to-Reach Families in Hong Kong is available at www.cop.gov.hk.
- The Government's update on the initiative of small class teaching is available at www.legco.gov.hk/yr06-07/english/panels/ed/papers/ed0212cb2-1041-2-e.pdf
- 9 CoP/TFCY Paper 5/2006: Implementation of the School-based After-school Learning and Support Programmes.
- 10 Paragraph 49 of the 2006-07 Policy Address.

- Reference has been drawn to the "Report on Continuing Development and Employment Opportunities for Youth" published by the Commission on Youth, available at http://www.info.gov.hk/coy/eng/report/Continuing_Dev.htm.
- 12 CoP Paper 17/2005: Training and Employment Opportunities for Youth. CoP Paper 15/2005: Services Offered by the Vocational Training Council (VTC).
- 13 Formerly known as Career Oriented Curriculum (COC).
- This addresses the concern of the Task Force and the community that unemployed youths from 25 to 29 years old are not currently covered by existing training and employment programmes provided by the Labour Department and Employees Retraining Board.
- 15 CoP/TFCY Paper 3/2005: "From Welfare to Self-Reliance" Proposed District Pilot "My STEP" Supplementary Information.
- 16 CoP/TFCY Paper 2/2007: Progress report on the trial project My STEP.
- 17 CoP/TFCY Paper 3/2006: Promoting Child Development Child Development Fund as a Model. CoP Paper 20/2006: Promoting Child Development Way Forward. CoP Paper 6/2007: Child Development Fund Way Forward.
- 18 Background reference on the Child Development Forum is at www.cdf.gov.hk

CHAPTER 5 THE ELDERS

- 1 Population Projections (2004 2033), Census and Statistics Department.
- 2 Speech by Secretary for Health, Welfare and Food, April 2005. http://www.info.gov.hk/gia/general/200504/13/04130234.htm
- According to C&SD's projections, the elderly dependency ratio will increase from 161 per 1000 persons in 2003, to 428 in 2033.
- For more details, please refer to http://www.cop.gov.hk/eng/pdf/Brief_Need_eng.pdf
- 5 CoP Paper 11/2006: Elderly in Poverty.
- 6 CoP EP Paper 4/2006: Assisting the "Hidden Elderly". CoP Paper 3/2007: Enhancing support to elders in need.
- 7 CoP EP Paper 2/2006: Medical Fee Waiver Mechanism CoP Paper 8/2007: Report of the Ad Hoc Group on the Elderly in Poverty.
- 8 "Building a Healthy Tomorrow Discussion Paper on the Future Service Delivery Model for our Health Care System".

- 9 "Study on Overseas Experience in Developing Reverse Mortgage for Retirement Protection" http://www.elderlycommission.gov.hk/en/download/library/030430/e_mortgage_report.pdf
- 10 For more details, please refer to CoP EP Paper 1/2007.

CHAPTER 6 DISTRICT-BASED APPROACH

- The Social Indicators on District Welfare Needs are available at http://sc.info.gov.hk/gb/www.swd.gov.hk/en/index/site_district/
- 2 Please refer to the following CoP papers for more details relating to district visits -
 - CoP Paper 8/2005: District Visit Tin Shui Wai
 - CoP Paper 9/2005: Follow-up to Tin Shui Wai District Visit
 - CoP Paper 13/2005: District Visit Kwun Tong
 - CoP Paper 14/2005: District Visit Sham Shui Po
 - CoP Paper 16/2005: Follow-up to District Visits and Way Forward
- 3 CoP Paper 18/2006: District Study on Employment Assistance Summary of the Government's Response to Recommendations.
- 4 CoP Paper 25/2005: Reinforcing the District-Based Approach
- CoP Paper 21/2006: "Enhancing Self-Reliance Through District Partnership Programme" Updates. Details of the Programme are available at www.had.gov.hk/en/public_services/en_self_reli
- District Welfare Planning Protocol is available at http://sc.info.gov.hk/gb/www.swd.gov.hk/en/index/site_district/page_districtorg/
- 7 Progress reports of the 3 pilot districts are available at http://www.cop.gov.hk/eng/society.htm
- 8 http://www.dc-review.gov.hk/
- 9 Chapter 3 (paragraphs 3.11 3.12). Please also refer to CoP Paper 18/2006: District Study on Employment Assistance Summary of the Government's Response to Recommendations.

CHAPTER 7 BUILDING PARTNERSHIPS

- 1 CoP Paper 16/2005.
- Social capital can be defined as the structure and quality of social networks (both formal and informal) characterized by trust, reciprocity, cohesiveness, civic consciousness and volunteerism. In policy terms, this contrasts with "human capital" strategies which are essentially about building up the skills of individuals.
- 3 Terms of Reference of the Commission (See Chapter 1 Introduction).
- The Central Policy Unit has, since 2002, conducted a number of studies on the development of the Third Sector in Hong Kong. See www.cpu.gov.hk/english/research_reports.htm
- There is no universally agreed definition of civil society. The term generally refers to the totality of voluntary civic and social organizations or institutions that operate independently from the Government.
- 6 See CoP Paper 7/2007: "From Welfare to Self-reliance" Social Enterprise Development Future Direction.
- The Commission has examined the "Intensive Community Mentoring Scheme", a study funded by the Quality Education Fund. Reference has also been drawn from a number of sources, including the Quality Education Fund's study on the mentorship training and assessment mechanism, the Mentorship Programme of the University of Hong Kong and the Volunteer Movement under the Social Welfare Department.

CHAPTER 8 OTHER DISADVANTAGED GROUPS

- 1 Members' concerns on the priority groups are set out at Annex to CoP Paper 11/2005 : CoP Draft Work Programme.
- 2 CoP Paper 16/2006: Training, Retraining and Continuing Education Home Help and Personal Care Services
- Report on Women in Poverty, Legislative Council Subcommittee to Study the Subject of Combating Poverty, May 2006.
- 4 CoP Paper 24/2006: Assistance to Ethnic Minorities in Training and Education.
- 5 Report of the Task Force on Population Policy.

APPENDIX II: COMMISSION ON POVERTY MEMBERSHIP

CHAIRMAN

Mr TANG Ying Yen, Henry, GBS, JP Financial Secretary

MEMBERS (in alphabetical order)

Prof CHAN K C, JP

Ms CHAN Suk Mei, BBS

Prof CHEUNG Yan Leung, Stephen

Dr CHOI Yuen Wan, Philemon, SBS, JP

Prof CHOW Wing Sun, Nelson, SBS, JP

Ms FANG Meng Sang, Christine, JP

Mr FOK Chun Wan, Ian, SBS, JP

The Hon FUNG Kin Kee, Frederick, SBS, JP

Dr LAW Chi Kwong, SBS, JP

Mr LEUNG Che Cheung, MH

The Hon LI Fung Ying, BBS, JP

Mr HO Hei Wah, BBS

The Hon TAM Yiu Chung, GBS, JP

The Hon TIEN Pei Chun, James, GBS, JP

Mr TIK Chi Yuen, JP

Mr WONG Ying Wai, Wilfred, JP

Mr WONG Tung Shun, Peter, JP

Ms YU Sau Chu, MH

EX-OFFICIO MEMBERS

Dr CHOW Yat Ngok, York, SBS, JP Secretary for Health, Welfare & Food

Mr HO Chi Ping, Patrick, JP Secretary for Home Affairs

Mr IP Shu Kwan, Stephen, GBS, JP Secretary for Economic Development & Labour

Prof LAU Siu Kai, JP Head, Central Policy Unit

Prof LI Kwok Cheung, Arthur, GBS, JP Secretary for Education & Manpower

APPENDIX III: ACTIVITIES OF THE COMMISSION

MEETINGS

- The Commission has set up two taskforces and two ad hoc groups to better focus its efforts on the key areas of work -
 - Task Force on Children and Youth (chaired by Dr Philemon CHOI)
 - Task Force on District-based Approach (chaired by Dr LAW Chi Kwong)
 - Ad Hoc Group on the Elderly in Poverty (chaired by Mr TIK Chi Yuen)
 - Ad Hoc Group on the Social Entrepreneurship Training (co-chaired by Prof Stephen CHEUNG and Prof K C CHAN)
- The full Commission held regular meetings about once every two months. The taskforces and ad hoc groups conducted formal meetings regularly and on a need basis. Members also had a lot of informal meetings and discussions to facilitate their deliberation in the margins of the meetings to facilitate the Secretariat to prepare for the formal meetings -

Number of formal meetings of the Commission

15

Number of formal meetings of the taskforces and ad hoc groups

15

OUTREACH

- The Commission attached great importance to reaching out to the community to gauge the public's views on how to prevent and alleviate poverty. Since its establishment, the Commission has conducted extensive public engagement and proactively reached out to a wide spectrum of people including policy makers, NGOs, district personalities, the private sector, the academia as well as members of the public.
- In order to promote transparency of the deliberations of the Commission and to keep the community informed on its work progress, all papers and a gist of the discussions of the Commission meetings are available on its website (www.cop.gov.hk). Press releases were issued after Commission meetings and events. Regular briefings to the press were conducted. The Commission also updated the Legislative Council, including the Subcommittee to Study the Subject of Combating Poverty, on its work regularly.

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- The Commission has conducted a number of formal visits to the less well off districts, and had dialogues with district councillors, community leaders, key stakeholders and the disadvantaged groups in order to have a more contextual understanding of their needs and the challenges they faced. The Commission has also organised visits to relevant institutions to enhance their understanding on relevant topics (e.g. CCDS).
- Apart from the Commission visits, a number of conferences and sharing sessions were held to tap the views of relevant stakeholders. Members of the public were also encouraged to participate in the larger forums through public advertisements.

Name of conferences and sharing sessions	Date
Brainstorming Session on Social Enterprise	1 November 2005
Sharing Session on Parenting	15 December 2005
Report Back Session on "District Study on Employment Assistance"	21 January 2006
Seminar on Social Enterprise	11 February 2006
Conference on Social Enterprise	6 April 2006
Seminar on Social Entrepreneurship Training	24 July 2006
Child Development Forum	10 November 2006
Report Back Session on Study on District-based Support for the Disadvantaged	10 February 2007
Sharing Session on Social Enterprise and Government Procurement	15 March 2007
Seminar on Child Development Fund	24 April 2007

7 The Commission has benefited from the views gathered in the public engagement process, which helped chart the formulation of some of its initiatives including social enterprises, Child Development Fund, a more integrated model in the delivery of employment assistance, and ways to strengthen district support to the disadvantaged.

RESEARCHES

- With the assistance of the Government Economist and the Census and Statistics Department, the Commission has benefited from a number of researches and studies to enhance understanding on poverty (see Chapter 2). The Central Policy Unit has also commissioned two researches to facilitate the work of the Commission to further support social enterprise development, one on the local experience and one on overseas experience.
- 9 Besides, the Commission has commissioned a number of studies as part of its outreach efforts to collate community views on more focused topics -
 - A "District Study on Employment Assistance" was conducted from August to December 2005. Over 50 service operators, end users and policy makers were interviewed on how to improve the effectiveness on employment support at the district level (Chapter 3, paragraph 3.11)
 - A "Study on District-based Support for the Disadvantaged" was conducted from June to November 2006. Besides focus group discussions, it also included a survey with over 600 valid questionnaires collected on the views on district poverty alleviation work. (Chapter 6, paragraph 6.26)
 - A "Consultancy Study on the Promotion of Parent Education for Economically Disadvantaged and Hard-to-reach Families in Hong Kong". Over 300 agencies and over 10,000 parents participated in the study from June to July 2006 (Chapter 4, paragraph 4.25).

APPENDIX IV: ABBREVIATIONS

AC Area Committee
ApL Applied Learning

CCDS Comprehensive Child Development Service

CDF Child Development Fund
CEF Continuing Education Fund
COC Career Oriented Curriculum
CoP/Commission Commission on Poverty

CIIF Community Investment and Inclusion Fund

CPU Central Policy Unit

CITA Construction Industry Training Authority
CSSA Comprehensive Social Security Assistance

DC District Council

DE Disregarded earnings (under the CSSA)
DECCs District Elderly Community Centres
DO District Officer (Home Affairs Department)

DSWO District Social Welfare Officer (Social Welfare Department)

EC Elderly Commission
EHCs Elderly Health Centres

EMB Education and Manpower Bureau

EPM Employment Programme for the Middle-aged

ERB Employees Retraining Board

FSAP Financial Assistance Scheme for Post-secondary Students

Government The Government of the Hong Kong Special Administrative Region

GDP Gross Domestic Product
GHS General Household Survey
HA Hospital Authority
HAD Home Affairs Department

HKCSS Hong Kong Council of Social Service

HMDAC Health and Medical Development Advisory Committee IEAPs Intensive Employment Assistance Projects (under SWD)

iES Interactive Employment Service (under LD)
ICYSCs Integrated Children and Youth Services Centres

IFSCs Integrated Family Service Centres

JC Job Centre (under LD)

JMP Job Matching Programme (under LD)

LD Labour Department

LSFS Local Student Finance Scheme MCHCs Maternal and Child Health Centres

MPF Mandatory Provident Fund

NA New arrivals

NCS Non-Chinese speaking

NECs Neighbourhood Elderly Centres

NEY Non-engaged youths

NEY Task Force on Continuing Development and Employment-related Training

NGOs Non-governmental organisations

OAA Old Age Allowance OWP One Way Permit

P.A.T.H.S. to Adulthood: A Jockey Club Youth Enhancement Scheme

PWDs Persons with Disabilities RC Retraining Course

RCHEs Residential Care Homes for the Elderly

RRC Retraining Resources Centres

SE Social enterprise

"Seed Money" Project Enhancing Employment of People with Disabilities through

Small Enterprise Project

SME Small and Medium Enterprises
STEs Support Teams for the Elderly
STS Student Travel Subsidy Scheme
SUS Skills Upgrading Scheme
SWD Social Welfare Department

TSW Tin Shui Wai

U.A.P. Understanding the Adolescent Project

UGs Uniform Groups

VTC Vocational Training Council
WoC Women's Commission
WPM Wage Protection Movement
WTS Work Trial Scheme (under LD)

YPTP Youth Pre-employment Training Programme (under LD)
YWET Youth Work Experience and Training Scheme (under LD)
YSSS Youth Self-employment Support Scheme (under LD)

APPENDIX (i):

(Paragraph 2.5 of the Report)

INDICATORS OF POVERTY

CHILDREN/YOUTH (AGED 0-14 / 15-24)

- 1. Children aged 0-5 and 6-14 living in workless households
- 2. Children aged 0-5 and 6-14 living in households with income below average CSSA payment
- 3. Children aged 0-5 and 6-14 with single parent and in households with income below average CSSA payment
- 4. CSSA recipients aged 0-5 and 6-14, and those aged 15-21 who are on child rate
- 5. School attendance rate of youth aged 16-19
- 6. Persons aged 20-24 with tertiary education
- 7. Non-engaged youth aged 15-19 and 20-24
- 8. Children aged 0-5 and 6-14 living in private temporary housing and private shared units

WORKING PEOPLE / ADULTS (AGED 15-59)

- 9. Persons aged 15-19 and 20-59 living in workless households
- 10. Persons aged 15-19 and 20-59 living in households with income below average CSSA payment
- 11. Unemployed persons aged 15-19, 20-24 and 25-59
- 12. Persons unemployed for 6 months or longer, and 12 months or longer
- 13. Employed persons aged 15-19, 20-24 and 25-59 working 35 hours or above per week and with monthly employment earnings less than 50% of the median
- 14. Adult able-bodied CSSA recipients having been on CSSA for 1 year or less, and longer than 1 year
- 15. Adult recipients of permanent disability/temporary disability/ill-health CSSA

OLDER PEOPLE (AGED 60 OR ABOVE)

- 16. Recipients of old-age CSSA
- 17. Number of elderly patients under the medical fee waiver mechanism of pubic hospitals and clinics
- 18. Elderly persons living in private temporary housing and private shared units

COMMUNITY

- 19. Workless households by district
- 20. Households with income below average CSSA payment by district
- 21. Single-parent households with income below average CSSA payment by district
- 22. Median monthly household income by district
- 23. Median monthly employment earnings by district
- 24. Unemployed persons by district

APPENDIX (ii):

(Paragraph 3.10 of the Report)

EXPENDITURE ON EMPLOYMENT SERVICES AND PROGRAMMES, 2004

PROGRAMME/SERVICE (# indicate those involving direct cash allowance subsidies)	NATURE ¹	NUMBER OF PARTICIPANTS	TOTAL COST (HK\$ M)	UNIT COST ² (HK\$)
Training/re-training³ Project Yi Jin (PYJ)# Vocational Training Council (VTC) Employees Retraining Board (ERB) Continuing Education Fund# Skills Upgrading Scheme	T C/T/E C/T/E T T	5 381 ⁴ 153 500 ⁵ 117 000 ⁸ 88 000 ¹⁰ 38 433	60 ⁴ 1 956.9 ⁶ 379.4 ⁸ 880 ¹⁰ 31.94	11 150 N.A. ⁷ 3 300 ⁹ 10 000 ¹⁰ 831
Training (total)	-	402 314	3 308.24	-
Employment services (total)	C/E	223 22911	95.111	426
Employment programmes Youth Pre-employment Training Programme (YPTP) ¹²	C/T	11 32712	77 ¹²	6 800
Youth Work Experience and Training Scheme (YWETS) 12 #	C/T/E	13 00012	14112	10 800
Youth Self-employment Support Scheme (YSSS)	C/T/E	1 475	3013	20 340
Employment Programme for the	E	6 56314	5.214	N.A. ¹⁴
Middle-aged # Special Incentive Allowance Scheme	Е	8 00015	6015	N.A. 15
for Local Domestic Helpers # Work Trial Scheme (WTS) 16 #	C/T/E	2 00016	916	4 50016
Work Orientation and Placement Scheme (WOPS) for the disabled ¹⁷ #	C/T/E	1 00017	8.217	8 20017
Employment programmes (total)	-	43 365	330.4	-
Temporary jobs in the public sector	Т	11 60818	883.9918	76 150 ¹⁸
Direct employment schemes (total)	-	11 608	883.99	-
Support for Self-reliance Scheme Support for Self-reliance Scheme Intensive Employment Assistance Projects	E C/T/E	46 000 7 000	68.2 35	1 482 5 000
Support for Self-reliance Scheme (total)		53 000	103.2	1 947
Total (all services and programmes)		733 516	4 720.93	-

EXPLANATORY NOTES

- Although the services and programmes are grouped by nature (training, employment), some services and programmes offer a combination of counselling/soft skills (C), training (T) and job searching/matching and other employment assistance (E).
- Unit costs depend very much on, among other things, the duration and nature of the programmes, e.g. training course of a longer duration tends to cost more than short-term exposure programmes.
- The services/programmes covered are those more directly relevant to employment/work experience. General adult/continuing education is not covered.
- 5 381 is the number of participants in academic year 2004/05. \$60 million represents the estimated expenditure for academic year 2004/05. The one-off non-recurrent funding is \$435 million.
- This includes 96 600 full time/part time and pre-employment/in-service vocational training places offered by the VTC's training and development centres, and some 56 900 vocational education places by VTC's Institute of Vocational Education (IVE) for academic year 2004/05.
- This includes \$1,854.8 million subvention from EMB, and \$102.1 million from HWFB for the provision of vocational training for people with disabilities for 2004/05.
- It may be too simplistic to derive the unit cost through dividing the total cost by the number of participants (around \$12 749), given the wide variety of courses of different level, duration and mode of study.
- 8 For financial year 2004/05.
- 9 This represents the average cost (unit cost for full-time courses \$5,400; part-time courses \$1,300).
- 10 CEF was launched in 2002 with a one-off provision of \$5 billion. Each eligible applicant is entitled to a maximum of \$10,000 of subsidy. There are about 180 000 approved applications as at end May 2005. Some 500 000 people are expected to be benefited by the Fund.
- 11 223 229 is the number of job registrants. The total cost is for financial year 2004/05.
- Figures are for the 2003/04 programme year only, as the 2004-05 programme year for the YPTP and the YWETS will only end in October and August 2005 respectively.
- Budget straddling 2004/05 and 2005/06 financial years.
- 14 6 563 is the number of placements. The total cost is for financial year 2004/05. Unit cost is not available as some employers have not yet applied for training allowance in respect of the employees engaged under the Programme.
- Budget for the initiative. 8 000 is the targeted number of beneficiaries. Since many of the LDHs taking part in the Scheme have not yet reached the time-bar of 12 months or exhausted the maximum amount of allowance, the unit cost is not available. The maximum allowance to be obtained by each LDH is \$ 7, 200.
- Since WTS is a new initiative and would only be launched in June 2005, the figures represent estimates only.
- 17 Since WOPS is a new initiative and was only launched in April 2005, the figures represent estimates only.
- 18 The number of places and cost are only estimates and might vary depending on operational needs.

APPENDIX (iii):

(Paragraph 3.11 of the Report)

"FROM WELFARE TO SELF-RELIANCE" DISTRICT STUDY ON EMPLOYMENT ASSISTANCE

Executive Summary

- A This Study, initiated by CoP, aims to enhance the understanding of the existing employment assistance and its effectiveness to assist the able-bodied unemployed in three pilot districts selected by CoP, namely Yuen Long (including Tin Shui Wai), Sham Shui Po and Kwun Tong. An open and qualitative approach has been adopted to gather information and experience through site visits, observations, focus groups, meetings and interviews. Three Government departments, 23 service operators and 27 service end users were contacted from August 2005 to December 2005. Noting the risks of partiality in sampling and inputs processing inherent in most qualitative research, a validation process in the form of a Report Back Session involving various individuals and Agencies was held on 21 January 2006. Through sharing and confirmation by individuals and Agencies involved in the interviews and who also have rich experience in handling the unemployment issue, the Report Back Session helps establish not only the factual nature of the views collected but also helps confirm that the observations flagged in this Report represent general phenomena rather than isolated cases.
- B This Study used Gap Analysis to detect discrepancies or gaps between the needs of the 'difficult-to-employ' job-seekers and the existing system's capacity to meet those needs. The major findings and the identified gap items are: -

DIRECTION AND STRATEGIES

- **Gap 1 Value:** Some of the CSSA unemployed, especially the long-term unemployed, have a tendency to rely on the CSSA payments instead of returning to work.
- **Gap 2 Service Content:** JMP, IEAP and RCs have similar employment service content.
- **Gap 3 Work Focus:** The work focus of service operators is mainly on their own programme areas; they may not have a comprehensive enough awareness of the vast variety of employment services available to service users.

TARGET

- **Gap 4 User Record:** Administrators keep the service users' database for their own purpose. Notwithstanding the considerable technical difficulties associated with creating a shared database, since an up-to-date users' record is essential for tracing and analysis, attention would need to be given to greater sharing of data for proper follow up, especially in respect of the unsuccessful cases.
- **Gap 5 Targeting:** The special employment projects (such as JMP, EPM, WTS) and the RCs may not always reach the "difficult-to-employ".

INPUT

- **Gap 6 Job Duty:** The overlapping of duties between different service operators means that there may be fairly extensive overlap of services at district level.
- **Gap 7 - Accessibility:** Co-location of SWD and LD may not fully achieve its expected results. It remains uncertain whether the user has indeed been referred to the appropriate officers and whether the user has made contact with the service referred to.

SERVICE DELIVERY

- **Gap 8 - Service Route:** The unemployed do not have a standard route to access the services. As some of the employment services provided by the departments are similar in nature, the unemployed may receive similar services from more than one unit or approach different units for suitable services.
- **Gap 9 Referral System:** Presently Government departments and service operators are operating a voluntary referral system. There is no mechanism to track the service utilisation of service users thus referred.
- **Gap 10 Job Fairs:** Although most employers engaged in job fairs are medium or large businesses, they do offer some low-skilled jobs suitable for the "difficult-to-employ". In practice, however, the "difficult-to-employ" are still at a competitive disadvantage.
- **Gap 11 Job Matching Service:** Although the universal employment service is open to the public, the JMP service may not reach the "difficult-to-employ".
- **Gap 12 Enrolment:** In general, each JMP registration lasts for three months but may be extended. However, the frequency of re-registration has no upper limit. Similarly, operators of the same agency who run IEAP, ERB course and/or YPTP/YWET service refer users to more than one programme and therefore, once users are engaged in employment, the success rate can be overstated considerably.
- **Gap 13 Service for Specific Age Groups:** There is no tailor-made employment programme targeted for those aged 25-29. They presently use services generally accessible to all adults, e.g. iES, JMP, CEF and SUS or the WTS.
- **Gap 14 Transportation Barrier:** Some of the unemployed living in TSW need to travel from across the district for employment. This incurs high transportation costs and represents a considerable burden on the 'low-income people' who have just entered the job market. Also, some vacancies require a very early start and it may not be possible for TSW residents to reach workplaces using public transport, so TSW residents are effectively barred from those posts.
- **Gap 15 Economic Activity:** Districts with greater economic activity have greater opportunities to recover from economic downturns and job-seekers there have the advantage of being able to look for employment in their own district. Job-seekers living in TSW may not have these advantages.
- **Gap 16 Use of Professional / Trade Unions:** Service operators from professional bodies or the trade unions make use of their own networks and have the advantage of being able to identify relevant job vacancies. Still, there is as yet no room to explore whether networks of such bodies can be better utilised.
- **Gap 17 User Choice:** The variety of retraining courses organised in TSW is comparatively limited. As a result, potential applicants travel across districts for other courses.
- **Gap 18 Sustainability:** The RRC performs a more systematic follow-up service and provides life-long learning opportunities for the employees. Their targets are however restricted to ERB service users.
- **Gap 19 Job Retention:** Some of the TBs detect the need to promote life-long learning atmosphere to the 'difficult-to-employ' users by encouraging them to join other job-related skill-training course once they have completed the ERB courses.

- C Based on the Gap Analysis, the following four inherent implementation risks were revealed:
 - **Bingo Effect:** Unless a job-seeker is proactive in approaching different agencies offering different services and use the information obtained there to plan his employment service pathway, his use of the services tends to rely more on chance.
 - **Funnel Effect:** The present employment services automatically funnel out a group of "difficult-to-employ", including CSSA recipients, near-CSSA recipients and unemployed or long-term unemployed.
 - **Puzzle Effect:** The job-seekers themselves, especially the long-term CSSA unemployed who have substantial experience with various services, are quite able to assemble a comprehensive employment service to suit their needs. Sometimes, their knowledge surpasses that of the Administrators and operators.
 - **Multi-Approach Effect:** It is commonly the case that local shops need to entertain different NGOs for the same purpose requesting job vacancies.
- D At present, employment services are universal or designed for the unemployed with specific needs. This service-oriented approach indirectly divides the unemployed into different categories. Instead of a service-oriented approach, the unemployed should be at the centre of the employment service. All unemployed ought to be able to approach a service point where relevant programmes are provided according to their needs. To reach this end, the most effective way is to provide a primary channel of initial service delivery by way of greater pooling of information and screening mechanisms of the existing employment service.
- E This report is not aimed at an immediate overhaul of the existing employment services. Instead, it is suggested that incremental adjustments and narrowing of gaps be made in order to move towards a more integrated service mode. Based on the tenet of 'work first and self-reliance', it is proposed to set a clear vision for employment assistance: to help the unemployed move from welfare to work by providing an integrated employment service. In this respect, the study suggests five key directions with 18 recommendations:

DIRECTION A: SERVICE INTERFACING

To avoid service duplication or gap by integrating employment services at district level.

- **Recommendation 1 A More User-friendly and Target-Oriented Approach:** It is suggested that service operators should provide users with a more integrated picture of the services available.
- **Recommendation 2 - Job Orientation:** It is suggested that on-the-job training and orientation programmes for front-line staff be provided to enhance their understanding of the detailed operations of different employment services. In the longer term, a professional standard for the practitioners of the employment service needs to be established.
- **Recommendation 3 - Employment Pathway:** It is suggested that the existing employment services be reorganised into three clear employment pathways, viz. a Universal Em ployment Service, a Special Employment Service and an Intensive Employment Service.
- **Recommendation 4 Service Coordination:** At policy level, the coordination between the LD and SWD should be strengthened to avoid service duplication and gaps. In the long run, the Government should consider whether there are merits for setting up a dedicated agency for implementing the "unemployment-to-work" policy.

DIRECTION B: WORK ORIENTED

To respond to specific needs of the unemployed by providing appropriate employment services to them.

- **Recommendation 5 Job Centre:** The LD can consider strengthening the role of Job Centre by: -
 - targeting the JMP service also at welfare recipients;
 - reviewing the criteria of joining the JMP service, e.g. using the length of unemployment as one of the key screening criteria;
 - tracing failed cases and measuring the rate of successful job-matching of the JMP service;
 - exploring more relevant job opportunities at the lower end of the labour market at district level; and
 - strengthening the function of Employment Information Corner in JC.

- **Recommendation 6 -** Retraining Service: The ERB can consider strengthening the retraining service by: -
 - strengthening the retraining service in TSW areas;
 - studying the feasibility of providing temporary transport assistance to users who live in remote areas;
 - extending the service provision of ERB to the unemployed aged 25-29;
 - including the practical skills assessment in other retraining courses; and
 - relocating the existing RRC or setting up another RRC in YL district or in NT.
- **Recommendation 7 IEAP:** The SWD can consider strengthening the employment services to CSSA recipients by:-
 - extending the IEAP services to long-term unemployed JMP users;
 - strengthening the personalised element of IEAP;
- **Recommendation 8 - Intensive Employment Service:** Relevant departments can consider strengthening the following Intensive Employment Service by:-
 - using voluntary mentors from professional bodies to help the unemployed;
 - considering the inclusion of post-employment support and life-long learning in employment assistance programmes; and
 - providing job attachment services and social enterprise programmes for the long-term unemployed.

DIRECTION C: DISTRICT NETWORK

To create employment opportunities by mobilizing the resources in the community.

- **Recommendation 9 Case Matching:** A mechanism of tracing cases and service records across departments should be put in place to ensure a purposeful and effective provision of support.
- **Recommendation 10 District Coordination:** There is room to further enhance district coordination for discussion of employment issues and identification of service gaps and discrepancies in the community.
- **Recommendation 11 Outreach Service:** It is suggested that the LD deploys more resources for approaching potential employers of small and local businesses at district level.

- **Recommendation 12 Employer Networking Strategies:** It is suggested that JCs should strengthen its district employer networks irrespective of size of business operations.
- **Recommendation 13 Employment Club:** It is suggested that an Employment Club be set up in TSW area to train volunteers to assist job developers in exploring job opportunities.
- **Recommendation 14 Public Education:** It is suggested that the positive aspects of TSW be promoted more with a view to reducing the employers' negative image of TSW.
- **Recommendation 15 Job Market Information:** There are rooms for greater sharing of job market information and employer network among providers of employment assistance.

DIRECTION D: SOCIAL RESPONSIBILITY

To promote not only personal social responsibility of the unemployed to move progressively towards self-reliance, but also the need for corporate social responsibility through providing opportunities for the private and third sectors to get involved.

- **Recommendation 16 Active Workplace Attachment:** It is suggested that the Active Workplace Attachment can be run in two modes: -
 - a Social Enterprise Programme which provides job attachment for the long-term unemployed; and
 - granting long-term unemployed priority in taking up places in the Work Trial Scheme.

DIRECTION E: WORK ENCOURAGEMENT

To motivate the unemployed by providing incentive support in the transitional period from unemployment to work.

- **Recommendation 17 Employment Incentive Allowance:** It is worthwhile to study ways of providing financial incentives to help the unemployed meet immediate costs associated with starting work and to keep the "difficult-to-employ" in employment.
- **Recommendation 18 Reemployment Bonus:** It is suggested to provide able-bodied CSSA a reemployment bonus for retaining jobs.

APPENDIX (iv):

(Paragraph 3.17 of the Report)

PROMOTING SOCIAL ENTERPRISE DEVELOPMENT IN HONG KONG

Overall objective: To further encourage the development of social enterprises (SEs) as an innovative approach to promote self-reliance and to provide community employment opportunities for the unemployed to integrate into the job market.

AIM	ACTION
(a) Business facilitation and support	
To consider providing a funding source in support of start-ups of SE for disadvantaged groups other than the disabled.	• \$150 million has been allocated to the Home Affairs Department from 2006/07 for five years to support sustainable poverty prevention and alleviation efforts at the district level, including the "Enhancing Self-Reliance Through District Partnership Programme" which provides start-up funding for sustainable SE initiatives. As at February 2007, the Programme has provided funding to 41 SE projects, and is expected to create about 750 jobs.
To empower and motivate social entrepreneurs, including training, facilitating business-mentoring network and sharing of international best practices, etc.	 Brainstorming session with members of the Small and Medium Enterprises (SME) Committee and CoP members was held on 24 November 2005. A SE/SME seminar was held on 11 February 2006. Existing support to SMEs would be extended to SEs, including - (a) The SME Mentorship Programme; (b) The "Meet-the-Advisors" Business Advisory Service; and (c) Business information and other activities for SMEs. • We have organised the first training course on social entrepreneurship in collaboration with the Hong Kong Council of Social Service and a number of tertiary institutions to cater for the training needs of middle to senior management mid-careers from NGOs or private sector who are interested to operate SE. The programme will be launched in the first half of 2007. • A Hong Kong Social Enterprise Challenge has been launched in the first half of 2007 to encourage students from tertiary institutions in Hong Kong to partner with SEs or NGOs in drawing up viable SE business plans, and to educate them on the needs of the community and the potential benefits of SEs.

(b) Create an enabling environment

To consider administrative/policy barriers which hinder the development of SE at the district level and in specific sectors.

- The requirement of the Enhancing Employment of People with Disabilities through Small Enterprise Project ("Seed Money" Project) to employ more than 60% of persons with disabilities (PWDs) has been **relaxed to 50%**. This relaxation should enable SEs to widen their range of business activities and allow more unemployed persons and PWDs to benefit.
- We shall keep in view the interface between SE development and existing training and employment assistance programmes.
- We shall keep in view our regulatory framework and consider how it can be improved to support SE/cooperative development, including the need to have a more modern legal vehicle to promote SE development in Hong Kong.

To promote the concept of SE among those responsible for public procurement at both the central and district level.

- The Hospital Authority (HA) has agreed to increase the weighting of employment of PWDs in awarding contracts from 5% to 10% of the total score. The Administration would continue to see if there could be further increases of this weighting in future in HA as well as other public bodies.
- We shall continue to promote the products and services of SEs to those responsible for public procurement at both the central and district level, and we encourage the same among NGOs and the private sector.
- We would keep in view how our procurement policies can facilitate SE development.

(c) Establish the value and gain public acceptance

To conduct research on SE development.

To organise forums to further the understanding on SE, and to involve the business sector and the wider community in considering the potential of using SE to assist the able-bodied unemployed.

- Central Policy Unit (CPU) has commissioned a research on SE development in Hong Kong and one on overseas experience to enhance understanding on the subject.
- Jointly organised a Conference on SE with CPU on 6 April 2006 for policy makers, business, academia and others interested in SE development (http://www.seconference.gov.hk/).
- A TV series on SE development in Hong Kong and overseas was produced.
- A number of seminars and sharing sessions have also been held for relevant policy makers, advisory body members, academia, NGOs etc.

Appendix (v):

(Paragraph 4.13 of the Report)

RESOURCES INVESTED ON CHILDREN AND YOUTH BY THE GOVERNMENT (2005)

The following table sets out the resources spent by the Government on programmes and services specifically for children and youth in 2005. Costs for services to the general public, such as hospital service, culture, recreational and leisure facilitates are not included.

Nature of Services

- (U) = Universal services
- (S) = Specific services/assistance for children and youth from disadvantaged families or with special developmental needs

PROGRAMMES/SERVICES	NATURE	NUMBER OF CHILDREN/YOUNG PEOPLE BENEFITED (Note 1)	TOTAL COST (HK\$ M)
Education			
Pre-school Education			
 Kindergarten Subsidy Scheme/ Kindergarten and Child Care Centre Subsidy Scheme (Note 2) 	U	79 700 ^(Note 3)	158
Kindergarten Fee Remission Scheme/Kindergarten and Child Care Centre Fee Remission Scheme (Note 2)	S	58 000 ^(Note 3)	516
 Child Care Centres, including day nurseries and day creches (aided) 	U	29 398 (Note 4)	40.50 (Note 5)
Child Care Centres Fee Assistance Scheme	S	19 626 (Note 6)	143.315 (Note 7)
 Pre-primary Education Voucher Scheme (Note 8) 	U	N/A	N/A
Formal School Education			
• Primary (Note 9)	U	387 800	10 504
• Secondary (Note 9)	U	465 700	16 416
Higher Education (Note 10)	U	67 700	13 486
 School Textbook Assistance Scheme 	S	339 700	464
 Student Travel Subsidy Scheme (school sector) 	S	222 900	277
 Special Schools (Note 9) Grants for Higher Education (excluding vocational education at equivalent level) 	S S	7 700	1 184
 Financial Assistance Scheme for Post-secondary Students (FASP) 		5 200	206
• Student Travel Subsidy Scheme (STS)		29 800	77

PROGRAMMES/SERVICES	NATURE	NUMBER OF CHILDREN/YOUNG PEOPLE BENEFITED (Note 1)	TOTAL COST (HK\$ M)
 Local Student Finance Scheme (LSFS) Loans for Higher Education (excluding vocational education at equivalent level) 	S	24 300	752
 FASP LSFS Non-means Tested Loan Scheme /Non-means Tested Loan Scheme for Post-secondary Students 	U	4 000 16 100 21 200	97 365 859
Education (Total)		N/A	45 545
 Health Care Pre-school Children Comprehensive Child Development Service (Note 11) Services by MCHCs Child assessment services for children aged 0-12 with developmental problems Primary and Secondary Students (P.1 – S.7) Student Health Service Student Health Service Centres Adolescent Health Programme School dental care service for primary school students 	U U U U	N/A 320 930 (Note 12) 16 005 756 054 (Note 13) 122 000 (Note 14) 398 300 (Note 15)	10 244.35 75.50 142.20 (Note 13) 84.0 (Note 14) 171.37
Health Care (Total)		N/A	727.42
 Social Welfare Comprehensive Social Security Assistance (CSSA) CSSA expenditure on recipients aged 0-24 (including standard rates, supplements and special grants) 	S	178 300 ^(Note 16)	5 366 ^(Note 17)

PROGRAMMES/SERVICES	NATURE	NUMBER OF CHILDREN/YOUNG PEOPLE BENEFITED (Note 1)	TOTAL COST (HK\$ M)
CSSA expenditure on special grants granted to cases with at least a		87 500 ^(Note 16)	3 076 (Note 17)
 recipient aged below 18 CSSA expenditure on supplements granted to cases with at least a recipient aged below 18 		43 300 (Note 16)	152 ^(Note 17)
 Centre Services Children and Youth Centres (aged 6-24) 	U	40 697	65.30 ^(Note 22)
 Services provided by Integrated Children and Youth Services Centres Family Support Service related to Families with Children 	U	277 023	694.69 ^(Note 22)
Subsidized After School Care Programme	S	1 454 ^(Note 18)	12.10 (Note 22)
 Support services including services of Integrated Family Service Centres, Family Life Education Unit, Family Aide, Family Crisis Support Centre and Suicide Crisis Intervention Centre 	S	N/A (Note 19)	594.90
Family and Child Protective Services	S	N/A (Note 19)	127.80
 Residential child care services for young people under the age of 21 	S	3 427 (Note 20)	367.40
Other Youth-related Service • School Social Work Service	U	24 442 ^(Note 21)	193.20 (Note 22)
 Services for Youth-at-Risk District Youth Outreaching Social Work Service 	S	13 506 (Note 21)	68.90 ^(Note 22)
Overnight outreaching services for Young Night Drifters	S	14 824 (Note 21)	29.70 ^(Note 22)
Community Support Services Scheme	S	3 892 (Note 21)	13.37 (Note 22)

PROGRAMMES/SERVICES	NATURE	NUMBER OF CHILDREN/YOUNG PEOPLE BENEFITED (Note 1)	TOTAL COST (HK\$ M)
Crisis Residential Service for Youth-at-risk	S	347 (Note 23)	4.50
All-night drop-in centre service operated by Youth Outreach financed by Lotteries Fund	U	112 748 ^(Note 24)	4.00 (Note 25)
Services for Young Offenders Services for investigation			
 Services for juveniles Legal Representation Scheme for Children/ Juvenile Involved in Care or Protection Proceedings 	S	387 cases	2.94
Probation Service (Social Enquiry Reports)	S	2 864	10.30
 Probation Service (Supervision Cases) 	S	26 825	36.80
Community Service Orders	S	356	0.90
Scheme (Social Enquiry Reports)Community Service OrdersScheme (Supervision Cases)	S	5 752	8.60
Community Support Service Scheme	S	9 575	5.20
 Probation Homes 	S	1 210	32.60
Reformatory SchoolRemand Home / Place of Refuge	S S	303 1 136	15.50 52.40
Residential Service for Young Male Probationers	S	480	1.20
Social Welfare (Total)		N/A	10 936
Vocational Education, Employment Training and Personal Development • Personal Development			
 Understanding the Adolescent Project for primary students (UAP) 	U	12 900	22
Youth Sustainable and Development Fund	S	5 600	3.3

PROGRAMMES/SERVICES	NATURE	NUMBER OF CHILDREN/YOUNG PEOPLE BENEFITED (Note 1)	TOTAL COST (HK\$ M)
School-based After-school Learning and Support Programmes implemented from	S	49 600	73
 2005/06 school year Assistance Scheme Operated by Uniformed Groups and the HK Award for Young People for Needy Student Members 	S	3 120	2
 Opening Up School Premises for 	S	N/A	10 (Note 26)
Community Use Project • Activities and sponsorship undertaken by Commission on Youth	U	210 600	7.662
• Subvention to Uniform Groups (UGs)	U	139 111	39.31
Personal Development (Total)		420 931	157.272
Vocational Education and Employment Training			
Vocational Training Council pre-employment programme (Note 27)	Ü	52 500	1 311
Project Yi Jin (Note 28)	U	6 100	54
Courses under Construction Industry Training Authority (Note 29)	U	800	N/A
 Courses under Clothing Industry Training Authority (Note 29) 	U	400	N/A
Grants for vocational education			
Student Travel Subsidy Scheme (STS)	S	9 300	35
• Local Student Finance Scheme (LSFS)	S	9 500	159

PROGRAMMES/SERVICES	NATURE	NUMBER OF PARTICIPANTS (Note 1)	TOTAL COST (HK\$ M)
 Loans for vocational education LSFS Non-means Tested Loan Scheme /Non-means Tested Loan Scheme for Post-secondary Students 	S	3 300 6 600	75 171
 Loan for Project Yi Jin (Non- means Tested Loan Scheme) 	U	1 700	35
Youth Pre-employment Training Programme (YPTP) (Note 30)	U	7 182	53
Youth Work Experience and Training Scheme (YWETS) (Note 30)	U	12 200	106.8
Youth Self-employment Support Scheme (YSSS)	U	1 475	N/A (Note 31)
Vocational Education and Employment Training (Total)		111 057	2 000
Sub-total (Resources spent on children and youth from disadvantaged families or with special needs)		N/A	14 588
Total (all services and programmes)		N/A	59 365

For illustration purpose, on the basis of the total number of children and youth from 0-24 years old, the average resources invested on each child and youth in Hong Kong was around \$32,000

Compiled by Commission Secretariat (with inputs from Education and Manpower Bureau, Home Affairs Bureau, Health, Welfare and Food Bureau and Labour Department)

EXPLANATORY NOTES

- (1) Unless specified, figures are for the financial year 2005-06.
- (2) Upon harmonization of pre-primary services with effect from 1 September 2005, the Kindergarten and Child Care Centre Subsidy Scheme and Kindergarten and Child Care Centre Fee Remission Scheme have been implemented to cover also kindergarten-cum-child care centres.
- (3) Figures are rounded to the nearest hundred. They represent the number of students under respective school sector or the number of students receiving/accepting grants, loans or reimbursement.
- (4) The figure shows the position as at end-August 2005 before the implementation of harmonisation of pre-primary service. It included 900 places for children aged under 2 and 28 498 places for children aged 2 to under 6. After August 2005, all day nursery-cum-day crèches and day nurseries (for children aged 0/2 to under 6) have been converted to become kindergarten-cum-child care centres under the subsidy and monitoring of the Education and Manpower Bureau. For those centres that only serve children aged under 3, they are continuously subsidised and monitored by the Social Welfare Department. Among the 29 398 places, 694 places received subsidy from the Social Welfare Department.
- (5) The expenditure included those of aided day nursery-cum-day crèches, day nurseries, and day crèches up to end of August 2006 and that of aided child care centres for children aged under 3 from September 2005 to end-March 2006.
- (6) The figure shows the position as of end-August 2005 including all successful CCCFAS applications/ re-applications in the financial year. After that, arising from the implementation of the Harmonisation of Pre-primary Services, the Child Care Centre Fee Assistance Scheme was replaced by the Kindergarten and Child Care Centre Fee Remission Scheme and the Student Financial Assistance Agency of the Education and Manpower Bureau has taken over the responsibility for financing the expenditure.
- (7) The expenditure only included that between April and end-August 2005. After that, arising from the implementation of the Harmonisation of Pre-primary Services, the Child Care Centre Fee Assistance Scheme was replaced by the Kindergarten and Child Care Centre Fee Remission Scheme and the Student Financial Assistance Agency of the Education and Manpower Bureau has taken over the responsibility for financing the expenditure.
- (8) With effect from the 2007/08 school year, a Pre-primary Education Voucher Scheme will be introduced to provide direct fee subsidy for parents with eligible children attending classes in eligible kindergartens. The estimated amount of subsidies to be disbursed is in the region of \$1,973 million in the 2007/08 school year.
- (9) The expenditure on education comprises recurrent expenditure and capital expenditure in General Revenue Account under relevant Heads. The expenditure on related teacher training is separately classified and hence excluded from respective items.
- (10) The figure represents the subvention expenditure from the government to UGC-funded institutions and related student financial assistance.
- (11) The pilot CCDS programme has been launched in MCHCs in 4 local communities in phases starting from 2005/06. It will be extended to Tung Chung, the whole district of Yuen Long and Kwun Tong in 2007/08. We also plan to extend the CCDS to all districts in phases.
- (12) Total number of registered client aged 0-5 in 2005.

- (13) The figures refer to number of students enrolled in the 2005/06 school year (from 1.9.2005 to 31.8.2006) for Student Health Service Centres.
- (14) The figures refer to number of students served in the 2005-06 school year (from 1.8.2005 to 31.7.2006) by the Adolescent Health Programme.
- (15) The figure refers to 2005-06 school year from 1.11.2005 to 31.10.2006 and is rounded to the nearest hundred.
- (16) Average number of recipients / cases benefited.
- (17) Estimated expenditure in 2005-06.
- (18) It refers to the number of man times and includes all full-fee and half-fee waiving places.
- (19) No breakdown by number of children and young people available.
- (20) It refers to the overall provision of places.
- (21) It refers to the actual figure of the total number of cases in 2005-06.
- (22) The total cost is based on the recurrent subventions under relevant subheads paid to NGOs in 2005-06.
- (23) It refers to the total number of man times.
- (24) It refers to the number of man times. The same person dropping in within a 24-hour period is counted as one drop-in.
- (25) Capital cost for setting up the centre such as cost of fitting out, furniture and equipment etc. is not included.
- (26) The amount covers a period of 5 years.
- (27) It refers to the pre-employment courses offered by the Vocational Training Council through its Hong Kong Institute of Vocational Education, School of Business and Information System, and Training and Development Centres.
- (28) Project Yi Jin courses are run by member institutions of the Federation for Continuing Education in Tertiary Institutions on a self-financing basis.
- (29) Both Construction Industry Training Authority and Clothing Industry Training Authority are financed by the levy income obtained from the construction and clothing industries. The Government does not provide any funding to their programmes.
- (30) The figures for these programmes are figures for the 2005-06 programme year.
- (31) The cost is not available as the expenditure is not solely for YSSS (e.g. the equipment procured would be redeployed by NGOs for other uses).

APPENDIX (vi):

(Paragraph 4.14 of the Report)

CHILD DEVELOPMENT – AN OVERVIEW OF EXISTING SERVICES

PRE-PRIMARY CHILDREN (0-5 YEARS OLD)

Objective: To cater for the developmental needs of children at an early stage, and to identify those at risks.

Health: All children can enjoy a wide range of disease prevention and health promotion services at Maternal and Child Health Centres.

Early intervention: The Comprehensive Child Development Service was introduced in 2005 to identify and support the health, developmental and social needs of children aged 0 to 5 and their families.

Pre-primary education: A series of new initiatives have been introduced since October 2006 to provide children aged from 3 to 6 with quality and affordable pre-primary education.

Parenting: A range of parenting programmes are available. Parents with parenting difficulties can join the Positive Parenting Programme of the Department of Health.

Child care: Child care/after school care are provided to assist working parents. Subsidies are provided to families in financial need.

SCHOOL CHILDREN (6-14 YEARS OLD)

Objective: To provide children with quality education and developmental opportunities so that they can be prepared for their future.

Schooling: All children in Hong Kong enjoy 9 years of free and compulsory education. Children from poor families can apply for financial assistance to meet their schooling expenses. The Government has introduced small class teaching in primary schools with a majority of students from disadvantaged families.

Development opportunities

- An extensive network of 61 Integrated Family Service Centres (IFSCs), as well as 134 Integrated Children and Youth Services Centres (ICYSCs) all over Hong Kong to provide holistic services for, amongst others, young people aged 6 to 24.
- Students have opportunities to take part in various types of training (including IT training) and extracurricular activities (including Uniformed Groups) inside and outside schools.
- There are financial assistance/subsidies to schools and non-governmental organisations to organise different learning activities for students with financial difficulties. These programmes include the School-based After School Support and Learning Programme; the Community Investment and Inclusion Fund; the Partnership Fund for the Disadvantaged; the District Support Scheme for Children and Youth Development; funding administered by the Commission on Youth and the Summer Youth Programme Committee etc.. There are also various sources of funding from charitable trusts and private sector for the purpose.

Prevention

• "Understanding the Adolescent Project" (U.A.P.) for primary schools and the "P.A.T.H.S. to Adulthood: A Jockey Club Youth Enhancement Scheme" (P.A.T.H.S.) for secondary schools are introduced to screen children in need of additional support.

YOUTH (15-24 YEARS OLD)

Objectives: To equip our youth with the necessary knowledge and skills in pursuit of their future career. Particular attention is given to youth not in education, employment or training ("non-engaged youth").

Study: Students can continue their study in mainstream secondary schools and tertiary institutions after completing the 9-year free education. Students with financial needs can also apply for financial assistance. Programmes like Project Yi Jin and Associate Degree Programme are also available for students who are unable to further their study in traditional schools.

Training/Employment: We have introduced vocational training programmes under the Career Oriented Curriculum in traditional schools. Students can also choose to receive vocational training offered by institutions like Vocational Training Council or the pre-employment training /placement programmes of the Labour Department. The Government has also established a Youth Sustainable Development and Engagement Fund to finance pilot projects on employment-related training programmes targeted at nonengaged youths.

APPENDIX (vii):

(Paragraph 4.48 of the Report)

SUPPORTING DEVELOPMENT OF CHILDREN AND YOUTH – KEY AGENCIES

GOVERNMENT DEPARTMENTS AND ORGANISATIONS		
Department of Health	Provide disease prevention and health promotion services for children. Provide comprehensive assessment for children with suspected developmental problems.	
Education and Manpower Bureau	Provide quality school education.	
Home Affairs Bureau	Promote positive youth development.	
Labour Department	Provide youth pre-employment training and assistance.	
Social Welfare Department	Provide welfare services to cater for family needs through the provision of a continuum of preventive, supportive and therapeutic services, and tackle youths-at-risk.	
Vocational Training Council	Provide vocational education and training for school leavers and adult learners.	

RELEVANT ADVISORY BODIES	
Commission on Youth	Promote positive youth development.
Committee on Home School Cooperation	Promote home-school co-operation.
Committee on the Promotion of Civic Education	Promote civic awareness and responsibility.
Education Commission	Advise on education policies.
Social Welfare Advisory Committee	Advise on social welfare policies.
Task Force on Comprehensive Child Development Service	Advise on the development of the contents and implementation of Comprehensive Child Development Service (CCDS).
Task Force on Continuing Development and Employment— related Training for Youth	Advise on ways to strengthen support to NEYs.
Women's Commission	Promote the well-being and interests of women, including their role in the family.

APPENDIX (viii):

(Paragraph 6.16 of the Report)

RESOURCES AVAILABLE FOR DISTRICT-BASED INITIATIVES*

Community Investment and Inclusion Fund (CIIF)	With a seed capital of \$300 million, the CIIF provides seed money to promote community participation at the local level and support cross-sectoral programmes to develop social capital.
Partnership Fund for the Disadvantaged	With a seed capital of \$200 million, the Fund aims to incentivise the welfare sector to expand their network in seeking and securing corporate participation, and to encourage the business sector to take up more social responsibility in helping to create a cohesive, harmonious and caring society.
District Support Scheme for Children and Youth Development	An annual recurrent new provision of \$15 million from 2005- 06 allocated to the District Social Welfare Offices to meet the needs of disadvantaged children and youth.
School-based After School Support and Learning Programme	An annual recurrent funding of \$75 million for organising after-school learning and support for needy students. Besides a school-based grant, there is also funding to support community-based projects conducted by NGOs.
Enhancing Self-Reliance Through District Partnership Programme	With a seed capital of \$150 million from 2006-07 to 2010-11, the programme provides funding to sustainable poverty prevention and alleviation efforts at the district level that help enhance self-reliance, targeting socially disadvantaged groups.
District Council (DC) funding**	DC can approve applications for funding allocated according to DC guidelines.
Child Development Fund***	As announced in the Budget 2007-08, \$300 million has been earmarked to provide children from a disadvantaged background with more development opportunities.

^{*} These funding sources are available for district-based/community-based initiatives by NGOs and other community organisations.

The list is not exhaustive and does not include non-governmental sources of funding from the private sector, charitable trusts and other community organisations.

^{**} These funding is not targetted at alleviating poverty, but can be used to assist the disadvantaged as well.

^{***} To be established.

APPENDIX (ix):

(Paragraph 6.26 of the Report)

STUDY ON DISTRICT - BASED SUPPORT FOR THE DISADVANTAGED - EXECUTIVE SUMMARY

BACKGROUND

- A This study, initiated by the Commission on Poverty (CoP), aims to collect information on good practices in implementing and co-ordinating poverty alleviation work at district level so as to facilitate CoP in exploring ways to effectively reinforce the district-based approach to alleviating poverty. The two-phase study adopts a qualitative and quantitative approach. The qualitative study was conducted in three pilot districts, namely Sham Shui Po, Yuen Long and Kwun Tong in June and July 2006. The main target groups were local policy makers and service providers. A total of 7 government officers, 17 District Council (DC) members and 24 representatives from non-government organisations (NGOs) were interviewed in eight focus groups.
- B The data collected in the first phase of the study provided a basis to develop the questionnaires used in the second phase, which was conducted from September to November 2006. The sample targets in the second phase covered a broader spectrum of stakeholders, including local government officers (viz. officers from HAD, SWD, EMB, etc.), DC members, school principals and representatives from NGOs. A total of 614 sets of valid questionnaires were collected and analysed. To ensure the accuracy and reliability of the observations made and the findings of the analysis, a verification process in form of a Report Back Session involving a total of 63 representatives from various government departments, DCs, Area Committees (ACs), schools, the business community and NGOs was held on 10 February 2007. The Report Back Session has not only helped establish the factual nature of the views collected but also confirmed that the observations flagged in this Report represent general phenomena in the districts.

"FROM WELFARE TO SELF-RELIANCE" – THE CONCEPT

C Poverty is often identified as a social problem that needs to be tackled by developing some approaches. This study does not adopt the problem-based approach. Instead, it applies the "community resilience" concept. Community resilience refers to the employment of community efforts to jointly identify the community's needs and challenges, the mobilisation of community resources (including human, social, financial and environmental resources) to respond to these challenges effectively, and the enhancement of the community's functions to face up to future challenges. Therefore this study does not focus on the evaluation of individual projects or the effectiveness of the approaches to tackling poverty. Instead, it focuses on collecting information on good practices of implementation and co-ordination of poverty alleviation work at district level for reference by various districts in implementing future district-based work in alleviating poverty.

DISTRICT POVERTY ALLEVIATION WORK – AN OVERVIEW OF THE EXISTING PRACTICES

D There is no specific mode for the district poverty alleviation work. Currently, each district designs and plans its own strategy for alleviating poverty and related activities according to its community characteristics. Following a documentary review of the poverty alleviation work in the 18 districts, interviews with the policy makers and service providers in the three pilot districts and after taking into consideration the views of various districts on and their experience in district poverty alleviation work, we sum up the poverty alleviation work carried out by various districts in the district-based mode as follows:

- **Understanding of "poverty alleviation":** The three pilot districts agree that poverty alleviation work should not be a task of "giving away money". The right direction for the work should be promotion of self-reliance. Besides, the work should not be limited to efforts on the welfare front. It should cover a wider area encompassing education, employment, housing, people's livelihood, etc.
- Planning: The survey reveals that 10 districts have set their objectives, directions and strategies for district poverty alleviation work. The work in various districts mostly focus on intergenerational poverty, self-reliance and harmonious community. Each district adopts different methods to set its service priorities, including holding discussions in the DC, drawing on the experience in past successful experiences and holding district round-table meetings. In setting directions for district work, the districts will first try to understand the needs of the local poor people. The most common methods they adopt are making reference to district data, conducting surveys on district needs and collecting the views of local stakeholders. While clear directions have been set for poverty alleviation in some districts, there are some local stakeholders and service providers who are not clear about such directions, and as a result, the delivery of related services at district level cannot fully align with district directions and strategies for alleviating poverty.
- **Implementation:** The "service-oriented" approach is often adopted in district-based poverty alleviation work. According to this approach, local organisations, NGOs, government departments and schools organise various kinds of services relating to poverty alleviation in the districts in light of the needs of the local poor people. Services are in the form of cash/ material assistance, employment services, tailor-made activities for the poor, temporary services implemented on a trial basis to achieve the effect of policy advocacy, existing services repackaged as poverty alleviation activities, etc. As local initiatives are wide-ranging, the respondents are of the view that some services are very similar (both in forms and types). While the funding for poverty alleviation activities comes from DCs, government departments and members of the local business community, other resources in the districts are explored, which is achieved by fully utilising the services of volunteers, tapping the strengths of the poor, drawing in resources (including those of the better-off residents in nearby estates) from outside the districts, promoting the participation of the industrial and business sectors, etc. As regards the allocation of resources, the districts tend to subsidise activities that are cost-effective in the long term and are not one-off in nature. At the same time, applicants seeking funding are encouraged to submit pilot projects fostering cross-sector co-operation. Some applicant organisations also consider that the existing application procedures can be simplified further.
- Participation: Local stakeholders are taking an active role in organising activities to alleviate poverty. They also take the initiative to participate in district meetings and seminars on poverty alleviation and actively express their opinions in such forums. The study reveals that currently a total of 13 districts have established mechanisms relating to poverty alleviation. The formations of mechanisms are made in light of local characteristics, service needs, district structure and geographical factors. In general, there are 1 to 4 such mechanisms in a district. The number of participants in each committee ranges from 6 to 300. These mechanisms serve a number of functions, which include providing a forum for discussing the directions and strategies for poverty alleviation in the districts, consulting the views of local stakeholders on poverty alleviation, allocating district resources and planning poverty alleviation services. While the mechanisms are established in light of the characteristics of each district, some local stakeholders think that there are overlaps in these mechanisms.

SIX MAJOR FACTORS CONTRIBUTING TO COMMUNITY RESILIENCE

- E Ability to cope with adversity: Summing up the successful experience of the poverty alleviation work in the three pilot districts and the analysis of the quantitative study, we find that the following 3 fundamental factors are important to a district in coping with adversity:
 - Factor 1 Clear Directions: Local poverty alleviation work is an on-going effort that needs continuous strengthening. Poverty cannot be improved by just implementing a few services. In carrying out district-based poverty alleviation work, therefore, clear directions and strategies need to be developed, and made widely known to local leaders, service providers and government officials.
 - Factor 2 People-oriented: Local poverty alleviation work should focus on responding to the genuine needs of the disadvantaged in the districts. The top priority is therefore to develop an effective system and approach to collect community data and assess the needs of the disadvantaged.
 - **Factor 3 District Participation:** The implementation of local poverty alleviation work requires joint commitment of the community; the work cannot be done by the Government alone. Therefore, there is a need to provide a platform at district level to allow the stakeholders (including the business community) to participate in the discussions, develop local poverty alleviation directions and strategies and organise relevant programmes.
- F Enhancing the functions of the community: The 3 factors mentioned above are the basis for implementing poverty alleviation work in the districts. For further enhancing the functions of the community to meet future challenges, the following 3 factors are indispensable:
 - Factor 1 Link Directions with Actions: In formulating district poverty alleviation directions and strategies, it is necessary to ensure that the service programmes and the criteria for allocation of local resources align with these directions and strategies.
 - Factor 2 Address the Community Needs: In understanding the needs of the disadvantaged in the districts, we should give special attention to those people/families having little contact with the community, in particular the disadvantaged groups/families not receiving CSSA.
 - Factor 3 Co-ordinate the District Mechanisms: In providing different platforms for community participation in the districts, it is also necessary to co-ordinate the functions of these mechanisms and ensure their efficiency.

PROPOSED STEPS FOR IMPLEMENTING THE DISTRICT-BASED APPROACH TO ALLEVIATING POVERTY

G The implementation of the district-based approach to alleviating poverty involves four major steps, namely identifying needs, mapping out directions, planning and implementing services, and evaluating effectiveness. This study will draw up a checklist for the district-based approach to alleviating poverty based on the current experience and good practices of poverty alleviation in various districts, so that policy makers, local leaders, the business community and service providers can make reference to it when examining, planning and implementing poverty alleviation work at district level. The checklist will set out the four major steps and ten focus areas of the district-based approach to alleviating poverty:

STEP 1: IDENTIFYING NEEDS

To carry out a comprehensive diagnosis process and to gain a better understanding of the local need.

Focus Area 1 – Analyse community data: A systematic method has been put in place in districts to collect community data. Apart from focusing on the collection of community data, the districts should collate such data, the survey findings on community needs and the views of local stakeholders and carry out detailed and multi-dimensional qualitative and quantitative analysis to evaluate the district poverty situation and identify its main cause. This will enable the community to have a better understanding of the problem and map out a more effective strategy for poverty alleviation.

STEP 2: MAPPING OUT DIRECTIONS

To develop targets and strategies to support the disadvantaged, to align action plan and budget with district strategic plan, and to review the role and functions of district co-ordination mechanism(s)

Focus Area 2 – Provide platforms for community participation: To ensure that poverty alleviation services can be implemented effectively, community organisations and business sectors should be given opportunities to participate in resource utilisation and district planning matters. In the course of formulating directions and strategies for district poverty alleviation work, round-table meetings and seminars can be held to enable local stakeholders to have in-depth discussions on the needs of the disadvantaged and make recommendations. Consideration could also be given for presenting the directions and district strategies to local stakeholders and service providers through such platforms so that they can interface with each other in organising activities.

Focus Area 3 – Review the operation of existing mechanisms: District co-ordination mechanisms vary in nature and operation. District-based approach is not intended to compel all the districts to follow one particular structure but to reduce duplication of these platforms. Districts should review the functions of the existing mechanisms so that local stakeholders will not mix up meetings with similar functions and overlapping of similar mechanisms can be avoided. Districts should also identify the mechanisms that can promote poverty alleviation work most effectively.

Focus Area 4 – Enhance district co-ordination: Poverty cannot be dealt with by one department or agency alone. Further co-ordination among departments and service providers are needed to ensure that the local poverty alleviation work can be implemented effectively and efficiently. Moreover, we need to clearly define the roles of DO/HAD and DSWO/SWD in undertaking local poverty work.

Focus Area 5 – Link the district directions with action plans: Setting directions and strategies enables policy makers and community members to have clear and definite directions for local poverty alleviation. Apart from attaching importance to developing local directions and strategies, we must ensure that in allocating funds and organising activities, all the activities are aligned with the local directions and strategies set, so that these activities can effectively address the needs of the disadvantaged groups and thereby directly benefiting them. Therefore, in determining the criteria of fund allocation, policy makers must be well aware of the local directions, while service providers should have a clear picture of local poverty alleviation approach before planning activities in accordance with the local directions and strategies.

STEP 3: SERVICE PLANNING

To meet the needs of the disadvantaged and to reach the unreachable group.

Focus Area 6 – Reach the unreachable group: To understand and contact the disadvantaged in the community, we can examine the feasibility of setting up dedicated teams in poor districts. We can also consider launching community-wide home visit campaign annually, with a view to strengthening the contacts with the poor families living in public housing estates and private buildings.

Focus Area 7 – **Organize targeted services:** Apart from providing basic and regular services, local organizations may address the specific needs of the poor by implementing pilot projects or organizing services through cross-sector co-operation. Such activities may include elements that facilitate local economic development, create employment opportunities, and explore the strengths and potential skills of the disadvantaged.

Focus Area 8 – Review the mode of resource allocation: Within the legitimate structures of funding bodies, policy makers can review the mode of funding allocation. For example, at the beginning of a DC term, the council may work out a long-term plan to complement district poverty alleviation work. This plan can serve as a frame of reference for members to allocate the district fund on a yearly basis. In addition, DCs can plan their yearly budget earlier so as to leave more time for service implementation. This will ensure more efficient use of community information.

Focus Area 9 – Simplify the process of resource allocation: Concern in the district is not so much the amount of funds allocated for organizing poverty alleviation activities as the possibility of excessive restrictions on service providers using the funds, which may have a negative effect on the promotion of innovative services. To further encourage service providers to make efficient use of resources in the district, policy makers may consider reviewing the regulations for using public funds with a view to enhancing the flexibility of resource allocation.

STEP 4: ASSESSING EFFECTIVENESS

To ensure the poverty alleviation work reaches the desired results and to review the district directions and work strategies.

Focus Area 10 – Review performance regularly: While clear performance indicators are already in place for individual district service plans, such indicators are only used for assessing the effectiveness of a single activity and cannot reflect the overall district performance. It is therefore necessary for districts to develop district-wide performance indicators based on the directions and strategies of poverty alleviation, and make regular assessments.

- H In a nutshell, the main purpose of this study is to collect information on the good practices adopted by various districts in promoting and co-coordinating poverty alleviation work. The study report has set out in detail the districts' experience in carrying out the work, including the 18 districts' objectives, directions and mechanisms in relation to poverty alleviation (paragraphs 2.2 to 2.6 in Chapter 2) and the approaches of the three pilot districts (paragraphs 3.9 to 3.16 in Chapter 3). We believe such valuable experience can provide useful reference for the districts to implement poverty alleviation work.
- In fact, the district poverty alleviation work covers a very wide area. At the district level, it is of primary importance to fully understand the needs of the poor and the causes of local poverty, and develop specific and clear poverty alleviation directions and strategies according to these needs. During the process, we need to ensure sufficient platforms for local stakeholders to participate in discussions and express their opinions. In planning poverty alleviation activities, service providers must work in conformity with the district poverty alleviation directions and strategies. In the course of implementating activities, the needs of the unreachable poor individuals and families must be taken into account. To ensure that the district poverty alleviation work can achieve the desired results, we need to develop district-wide poverty alleviation performance indicators based on district directions and make regular assessments. Of course, we cannot rely solely on district efforts to carry out the poverty alleviation work; the support and co-ordination of the central Government is also necessary. In fact, Government's participation is indispensable. Although the focus of this study is not on understanding the role of and co-ordination between the Government and districts in poverty alleviation work, the subject merits more in-depth discussion.

APPENDIX (x):

(Paragraph 6.27 of the Report)

CHECKLIST FOR IMPLEMENTING THE DISTRICT-BASED APPROACH

