

# **2014 Policy Address Poverty Alleviation and Support for the Disadvantaged**

**16 January 2014**

## **Important Milestones on Poverty Alleviation Work of the Current-term Government**

1 Dec 2012	Re-establishment of the Commission on Poverty (CoP)
Since Jan 2013	Relaxation of the eligibility criteria for the Work Incentive Transport Subsidy Scheme
1 Apr 2013	Implementation of the Old Age Living Allowance
21 Jun 2013	LegCo approved the Government's proposal to inject \$15 billion into the Community Care Fund
28 Sept 2013	CoP Summit was held; announcement of the first official "Poverty Line"
15 Jan 2014	CE delivered the 2014 Policy Address and announced policy initiatives on poverty alleviation

## **Chief Executive's Vision and Target for Poverty Alleviation**

Vision - To encourage young people and adults to become self-reliant through employment, while putting in place a reasonable and sustainable social security and welfare system to help those who cannot provide for themselves.

Target – To provide support to those in need.

The Policy Address proposes a series of policy initiatives that cover a wide range of areas and will benefit various groups. It is the blueprint for poverty alleviation of the current-term government.

3

## **Specific Poverty Alleviation Strategy**

- Support employment, care for children, relieve the burden of the working poor
- Focus on helping the groups in need
- Enhance the upward social mobility of children from low income families
- Provide recurrent funding to support regular policy initiatives
- Use the Community Care Fund and other funds to fill service gaps and pilot new initiatives
- Encourage cross-sector partnership and materialise more programmes involving the non-government, business and government sectors

4

## (1) Supporting Low Income Working Families: Setting the Poverty Line

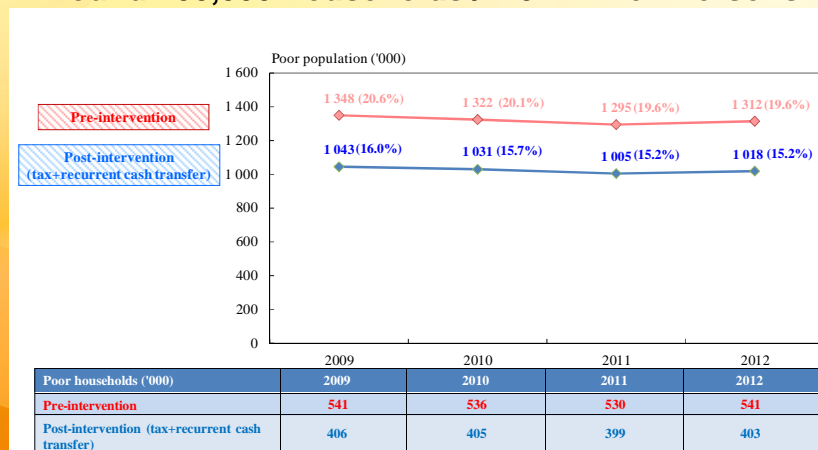
- Three major functions: understand the poverty situation, facilitate policy formulation, evaluate policy effectiveness
- “Poverty Line” adopts the concept of “relative poverty” and is pegged at 50% of the median monthly household income (MMHI) before tax and social benefits transfers (i.e. pre-government policy intervention).

- The 2012 Poverty Line (in terms of monthly household income):

1-person	\$3,600
2-person	\$7,700
3-person	\$11,500
4-person	\$14,300
5-person	\$14,800
6-person or more	\$15,800

5

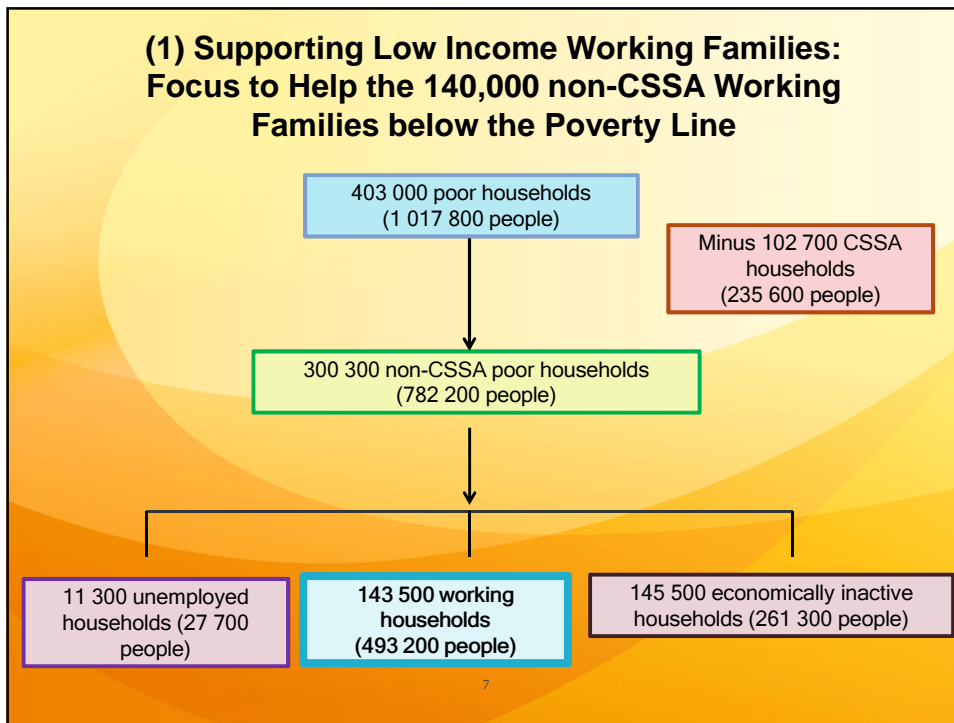
## (1) Supporting Low Income Working Families: Post-intervention Poor Population: Around 400,000 Households / 1.02 million Persons



Note: ( ) Figures in parentheses are the corresponding poverty rates.  
Source: General Household Survey, Census and Statistics Department.

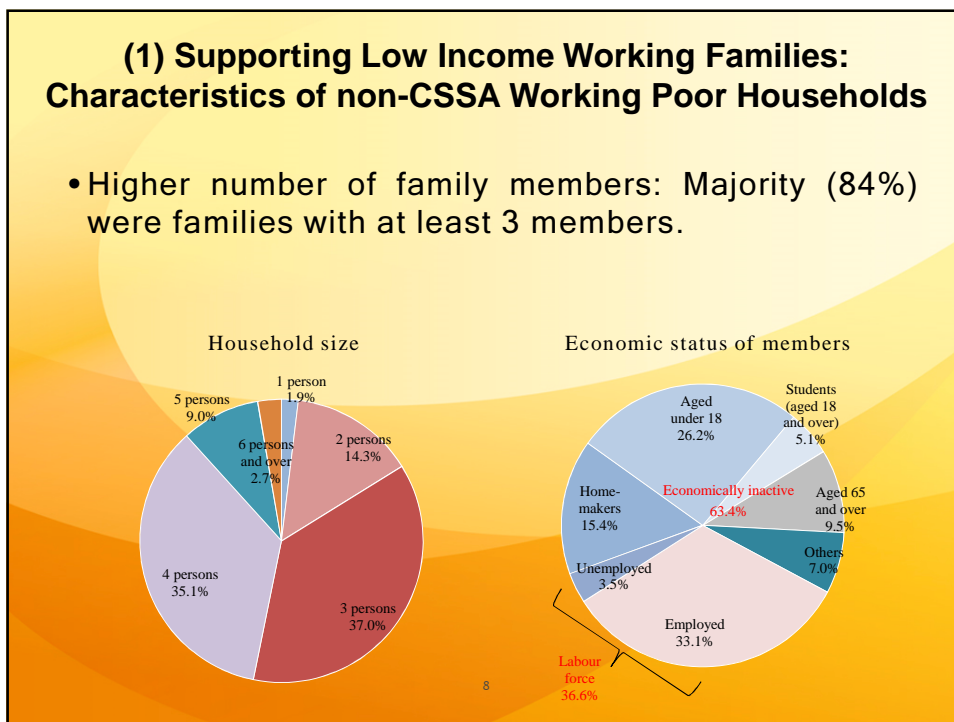
6

### (1) Supporting Low Income Working Families: Focus to Help the 140,000 non-CSSA Working Families below the Poverty Line



### (1) Supporting Low Income Working Families: Characteristics of non-CSSA Working Poor Households

- Higher number of family members: Majority (84%) were families with at least 3 members.



### **(1) Supporting Low Income Working Families: Characteristics of non-CSSA Working Poor Households (Con't)**

- Fewer working members – on average 1.1 per household (versus 1.7 for overall non-CSSA working households)
- More child members – 60% of households have children, with nearly half of them having two or more children; on average 0.9 per household (versus 0.5 among all non-CSSA working households)
- Low educational attainment and mostly engaged in low-skilled jobs
- Half of these households (52%) were living in public rental housing and 41% were living in home ownership housing or self-owned property

9

### **(1) Supporting Low Income Working Families: Introducing Low-income Working Family Allowance**

#### **➤ Policy Objectives**

- To alleviate the financial burden of non-CSSA low-income working families
- To encourage working members to stay in active employment to promote self-reliance and to prevent them from falling into the CSSA net; and
- To help alleviate inter-generational poverty and promote upward social mobility in the long run

10

## Low-income Working Family Allowance: Design Principles

- Provide basic allowance to household as unit
- Tied to employment and working hours
- Households with eligible children to receive additional allowance
- With income limit and asset test with more generous thresholds
- Simple and readily comprehensible with an appropriate mechanism to prevent abuse
- Covering eligible households below or slightly above the Poverty Line, thus having the effect of poverty alleviation and prevention

11

## Low-income Working Family Allowance: Household Size and Computation of the Amount of Allowance

- Households must have at least two members and not be receiving CSSA
- At least one member at work and should be working a considerable number of hours
- Largely follow the asset limit of application for public rental housing unit
- Payment based on two tiers of **family income** and **working hours**

12



### Asset Limits of Different Schemes (based on 2013 figures)

Household Size	Low-income Working Family Allowance #	Work Incentive Transport Subsidy (WITS)*	Comprehensive Social Security Assistance (CSSA)^
2	\$286,000	\$102,000	\$34,000
3	\$374,000	\$153,000	\$51,000
4	\$436,000	\$204,000	\$68,000
5	\$485,000	\$204,000	\$68,000
6	\$524,000	\$204,000	\$68,000

# Largely follow the asset limit of application for public rental housing unit, but disregard owner-occupied property in the asset test.

\* These were the WITS asset limits for households with no members aged 60 or above.

^ These were the CSSA asset limits for households with no elderly persons, disabled persons or persons medically certified to be in ill-health.

### Low-income Working Family Allowance: Household Income Thresholds (based on 2012 figures)

Household size	Household Income Threshold 1	Household Income Threshold 2
	At or below 50% of Median Monthly Domestic Household Income (MMDHI)	>50% to 60% of Median Monthly Domestic Household Income (MMDHI)
2	≤\$8,000	>\$8,000 - \$9,600
3	≤\$11,800	>\$11,800 - \$14,100
4	≤\$14,400	>\$14,400 - \$17,300
5	≤\$15,000	>\$15,000 - \$18,000
6+	≤\$16,100	>\$16,100 - \$19,300

## Low-income Working Family Allowance: Working Hours

- Two tiers
  - Tier 1 – Applicant working for more than 144 hours but less than 208 hours per month
  - Tier 2 – Applicant working for 208 hours or more per month
  - Single-parent households – tiers 1 and 2 lowered to 36 and 72 hours respectively

15

## Low-income Working Family Allowance: Basic Allowance

- Basic Allowance
  - (1) Household income **at or below 50%** of MMDHI
    - Applicant working  $\geq 144$  to  $< 208$  hours – **\$600**
    - Applicant working  $\geq 208$  hours – **\$1,000**
  - (2) Household income **above 50% to 60%** of MMDHI
    - Applicant working  $\geq 144$  to  $< 208$  hours – **\$300**
    - Applicant working  $\geq 208$  hours – **\$500**

16



## Low-income Working Family Allowance: Child Allowance

- A child refers to a person aged below 15 or aged 15 to 21 receiving full-time education, excluding a student receiving post-secondary education
- (1) Household income **at or below 50%** of MMDHI
- Each eligible child will receive **\$800**
- (2) Household income **above 50% to 60%** of MMDHI
- Each eligible child will receive **\$400**

17

## Households with income **≤50% of MMDHI** This is what they will receive:

Working hours per month	Number of eligible child member *	Monthly Allowance		
		Basic Allowance	Child Allowance	Total
144 to fewer than 208 hours	0	\$600	0	\$600
	1	\$600	\$800	\$1,400
	2	\$600	\$1,600	\$2,200
	3	\$600	\$2,400	\$3,000
208 hours or more	0	\$1,000	0	\$1,000
	1	\$1,000	\$800	\$1,800
	2	\$1,000	\$1,600	\$2,600
	3	\$1,000	\$2,400	\$3,400

\* Each eligible child will receive the same amount of allowance according to family income. There is no cap on the number of children.

18

**Households with income >50% but ≤60% of MMDHI**  
**This is what they will receive:**

Working hours per month	Number of eligible child member *	Monthly Allowance		
		Basic Allowance	Child Allowance	Total
144 to fewer than 208 hours	0	\$300	0	\$300
	1	\$300	\$400	\$700
	2	\$300	\$800	\$1,100
	3	\$300	\$1,200	\$1,500
208 hours or more	0	\$500	0	\$500
	1	\$500	\$400	\$900
	2	\$500	\$800	\$1,300
	3	\$500	\$1,200	\$1,700

\* Each eligible child will receive the same amount of allowance according to family income. There is no cap on the number of children.

19

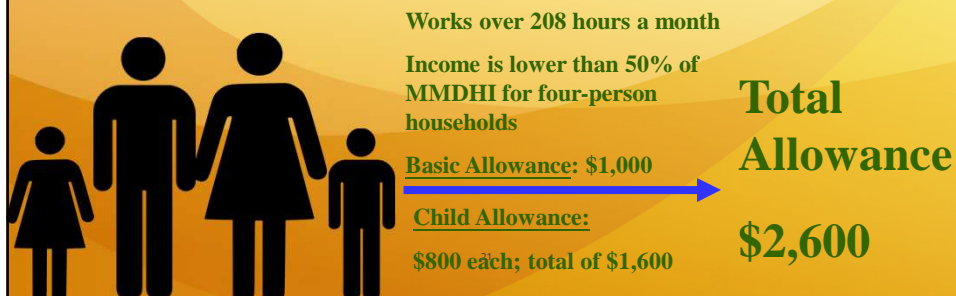
**Low-income Working Family Allowance:  
Interface with other Major Government  
Assistance Schemes**

- Income test would generally disregard payment received through other government financial assistance schemes (e.g. Disability Allowance, Old Age Allowance (OAA), School Textbook Assistance, Student Travel Subsidy, Subsidy Scheme for Internet Access Charges, assistance under CCF), with 2 exceptions:
  - “Individual track” of the Work Incentive Transport Subsidy (WITS) Scheme: whole payment will be counted
    - *Note: Applicants may apply for the “individual track” of WITS, but not the “household track” of WITS*
  - Old Age Living Allowance (OALA):
    - For OALA recipients aged 65 or above but below 70, the whole OALA payment will be counted
    - For OALA recipients aged 70 or above, the difference between the OALA payment and the amount of OAA will be counted

20

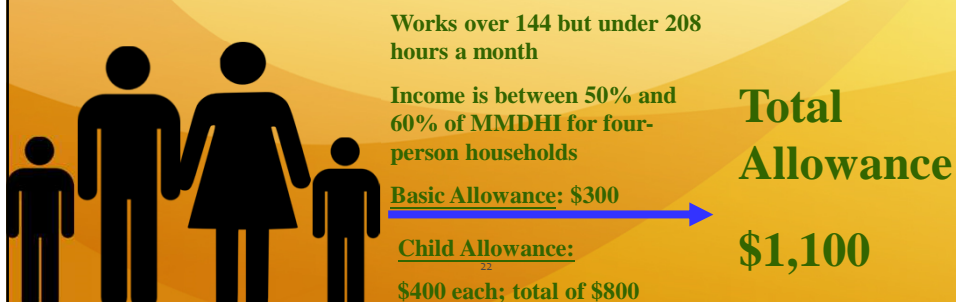
## Low-income Working Family Allowance: Examples (based on 2012 figures)

- Case 1: Mr Chiu is a full-time guard who works **260 hours** per month and receives a salary of **\$9,112**. Mrs Chiu is a homemaker
- The couple have a son and a daughter, who are both primary school students
- Median monthly domestic household income (MMDHI) for four-person households:  
50% of MMDHI is \$14,400; 60% is \$17,300



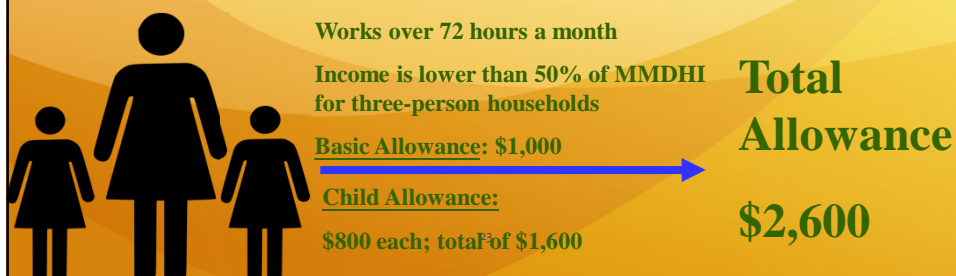
## Low-income Working Family Allowance: Examples (based on 2012 figures)

- Case 2: Mr Lee is a full-time building services officer who works **192 hours** per month for a salary of **\$15,226**. Mrs Lee is a homemaker
- The couple have two sons, who are both in junior secondary education
- Median monthly domestic household income (MMDHI) for four-person households:  
50% of MMDHI is \$14,400; 60% is \$17,300



## Low-income Working Family Allowance: Examples (based on 2012 figures)

- Case 3: Ms Suen is a single parent and is a part-time general office clerk. She works **92 hours** a month for a salary of **\$5,351**.
- Ms Suen has two daughters, both of whom are primary school students
- Median monthly domestic household income (MMDHI) for three-person households:  
50% of MMDHI is \$11,800; 60% is \$14,100



## Low-income Working Family Allowance: Estimated Expenditure, Beneficiaries and Poverty Alleviation Effect (based on 2012 figures)

- Estimated cost of \$3 billion per year
- Over 200 000 low-income families (About 710 000 people) will benefit
- Beneficiaries include over 180,000 eligible children
- Reduction of overall poverty rate by 2.1 percentage points and child poverty rate by 4.4 percentage points
- Among the beneficiary households, 92 400 were living below the Poverty Line and 113 000 were living at or slightly above it
- 38 300 households would be lifted up to or above the Poverty Line

## **Low-income Working Family Allowance: Operational Arrangements**

- Recommend that the Efficiency Unit can be the executive agency reporting to the Labour and Welfare Bureau
- To improve the current situation of citizens having to apply to different departments for different social benefits, the Government will commission a consultancy study to explore the feasibility of establishing a more user-friendly one-stop shop service

25

## **Low-income Working Family Allowance: Next Steps**

- Low-income Working Family Allowance is the Government's major poverty alleviation measure
- Significant financial implications with a wide coverage
- Implementation details still have to be carefully worked out, and we are happy to listen to views from different sectors of the community
- Plan to seek funding approval from Finance Committee later on for implementing the scheme in 2015
- In the coming year, consideration will be given to using the Community Care Fund to provide one-off subsidies for children or young people from low income families as well as low income households not living in public rental housing and not receiving CSSA

26



## **(2) Improvements to CSSA**

- Echo the policy direction of encouraging self-reliance and promoting upward social mobility through employment. Measures include -
  - Include post-secondary students of CSSA families in the calculation of rent allowance so that the families' entitlement will not be affected when their family members are receiving post-secondary education.
  - Further increase the grants for selected items of school-related expenses for primary and secondary students of CSSA families by \$1,000.
  - Support programmes under the Community Care Fund

27

## **(3) Enhancing Upward Mobility**

In addition to measures to nurture the future generations applicable to all sectors of the community, implement the following specific initiatives to help children from low income families –

- Enhance the Neighbourhood Support Child Care Project by extending the age limit of children receiving the service from aged under six to aged under nine, and providing additional places for home-based child care service.
- Enhance the After School Care Programme organised by non-governmental organisations (NGOs) for children aged 6 to 12 by extending the service hours of some of these centres and providing additional fee-waiving quotas.
- Provide greater flexibility and incentive funding for schools under the School-based After-school Learning and Support Programmes to benefit more needy primary and secondary students.
- Earmark an additional \$200 million under the Partnership Fund for the Disadvantaged to provide matching grant for after-school learning and support programmes for primary and secondary students from disadvantaged families. Successful examples in the community include "Project WeCan" and "333 Learning Companion Leadership Program".

28

### (3) Enhancing Upward Mobility (Con't)

- Earmark \$300 million for the Child Development Fund.
- Implement the “Future Stars Programme” in collaboration with businesses and the non-governmental sector to provide corporate visits and short-term workplace training and internship opportunities for young people of low-income families.
- Subsidise needy post-secondary students to participate in overseas and Mainland exchange activities.
- Invite the Community Care Fund (CCF) to consider providing hostel subsidy for needy undergraduate students who reside in student hostels.
- Invite CCF to consider enhancing the academic expenses grant to needy students pursuing eligible self-financing post-secondary programmes.
- Give all student loan borrowers the option to start repaying their student loans one year after completion of studies.

29

### (4) Regularisation of CCF Programmes

- Provide recurrent funding of **over \$700 million** to incorporate the following CCF programmes into the Government's regular assistance programme from 2014-15:
  1. subsidy to meet lunch expenses at whole-day primary schools for students from low-income families
  2. enhancement of the flat rate grant under the School Textbook Assistance Scheme
  3. enhancement of the financial assistance for needy students pursuing programmes below sub-degree level
  4. subsidy for CSSA recipients who have been owners of Tenants Purchase Scheme flats for more than 5 years
  5. training subsidy for children who are on the waiting list for subvented pre-school rehabilitation services
  6. special subsidy for persons with severe physical disabilities for renting respiratory support medical equipment
  7. special subsidy for persons with severe physical disabilities for purchasing medical consumables related to respiratory support medical equipment

30

## (5) Strengthening Support for Ethnic Minorities

- Introduce a package of measures with \$200 million recurrent funding to enhance education support for non-Chinese speaking students, notably ethnic minorities students, in learning Chinese language, and to help them integrate into society through various support programmes

**Helping our Ethnic Minority Community**  
 The Government is committed to supporting ethnic minorities in various ways, including providing them with opportunities to learn Chinese language and to integrate into society through various support programmes.

**Education**  
 The Government is committed to providing ethnic minorities with quality education and support. This includes providing them with opportunities to learn Chinese language and to integrate into society through various support programmes.

**Employment**  
 The Government is committed to providing ethnic minorities with opportunities to find employment. This includes providing them with training and support to help them integrate into the workforce.

**Community Outreach**  
 The Government is committed to providing ethnic minorities with opportunities to participate in community activities. This includes providing them with training and support to help them integrate into society.

**Health**  
 The Government is committed to providing ethnic minorities with access to healthcare services. This includes providing them with training and support to help them integrate into society.

**Public Education**  
 The Government is committed to providing ethnic minorities with access to public education. This includes providing them with training and support to help them integrate into society.

**Looking ahead**  
 The Government is committed to providing ethnic minorities with access to various support programmes. This includes providing them with training and support to help them integrate into society.

31

## (6) Enhancing Services for Persons with Disabilities

- Upgrade the Commissioner for Rehabilitation's ranking and strengthen the establishment and manpower of his team with a view to enhancing co-ordination among various bureaux and departments.
- Regularise the Pilot Bought Place Scheme for Private Residential Care Homes for Persons with Disabilities, with the cap of subsidised places in each home raised from 55% to 70%.
- Launch an integrated support service programme using a case management approach to provide one-stop support service for persons with severe physical disabilities who are in need of constant care.
- Increase the manpower of District Support Centres for Persons with Disabilities to introduce a case management service approach.
- Enhance the short-term day and residential care services for persons with disabilities, in particular those aged 6 to 14, to relieve the stress of their families/carers.
- Increase the manpower of day training centres for persons with disabilities to strengthen the care and support for ageing service users.

31

## **(6) Enhancing Services for Persons with Disabilities (Con't)**

- Strengthen the manpower of Multi-service Centres for Hearing Impaired Persons and relevant Social and Recreational Centres for the Disabled to enhance sign language interpretation services for persons with hearing impairment.
- Increase funding to better support the operation and development of the Financial Support Scheme for Self-help Organisations for Persons with Disabilities/Chronic Illnesses.
- Inject \$200 million into the Hong Kong Paralympians Fund to strengthen the support for athletes with disabilities.
- Promote the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme to mobilise employers in the territory to actively participate in promoting the employment of persons with disabilities.
- Raise the daily rate of incentive payment in Sheltered Workshops/Integrated Vocational Rehabilitation Services Centres to further encourage persons with disabilities to participate in vocational rehabilitation training.
- Extend the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities to eligible children with disabilities under the age of 12 starting from the first half of this year, and extend the Scheme to green minibuses by phases from the first quarter of 2015.

## **(7) Additional Measures under CCF**

### **Pilot programmes**

- Incentive scheme to further encourage CSSA recipients of the "Integrated Employment Assistance Programme for Self-reliance" to secure employment
- Providing living allowance for the carers of the elderly persons from low-income families

### **Measures to fill the gaps in the existing system**

- To provide hostel subsidy to needy undergraduate students who reside in student hostels
- To increase the academic expenses grant for needy students pursuing eligible self-financing post-secondary programmes
- Expand the pool of beneficiaries of the elderly dental assistance programme

### **Interim measures**

- Re-launching the programme of subsidy for CSSA recipients living in rented private housing
- Continue to strengthen the support for low-income families in the coming year, including possible provision of a one-off subsidy for children or young people from low-income families as well as low-income households not living in public rental housing and not receiving CSSA (colloquially known as "n have-nots")



Thank You

35