

Achievement of this term of Government in Poverty Alleviation and Supporting the Underprivileged

Belief in Governance

- Building a compassionate and inclusive society through the care for children, family support, patient care, poverty alleviation and elderly care
- Continuing to allocate resources and utilise innovation and technology so that our senior citizens can enjoy their marvelous golden years
- The Hong Kong community respects self-reliance, and affirms that the Government should provide education, training and retraining to help people adapt to new economy and trades. For those who are not self-sufficient, the Government provides suitable support through a sustainable welfare system
- The role of the Government is to take care of those in need by providing a social safety net through income redistribution

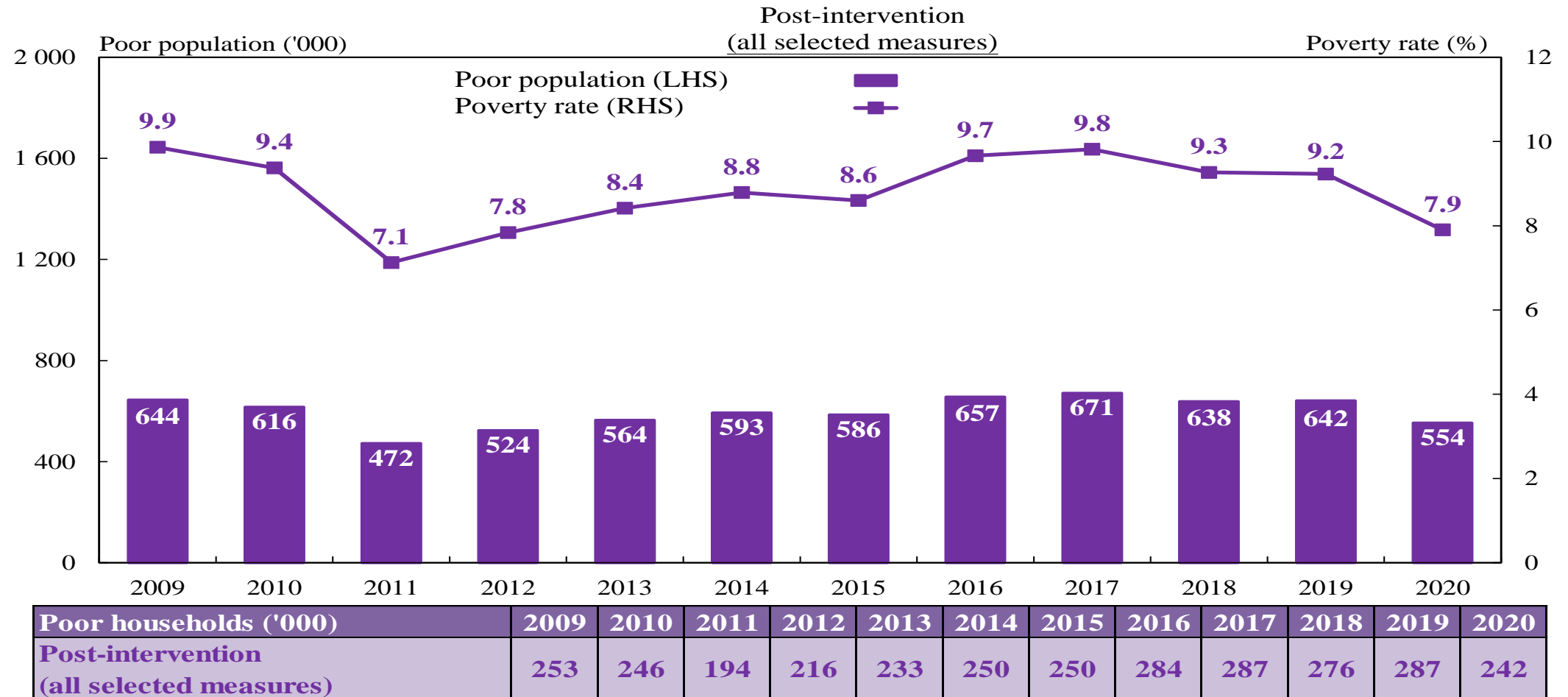
Poverty Line (PL) Analytical Framework

- The first-ever PL was announced in September 2013. The Hong Kong Poverty Situation Report is updated annually to apprehend the local poverty situation and monitor the effectiveness of poverty alleviation policies
- The PL was formulated based on the concept of “relative poverty”. With monthly household income before policy intervention adopted as the basis for measurement, the PL was set at 50 percent of the median household income by household size
- The poverty alleviation impact of policies can be measured by comparing the purely theoretically assumed pre-intervention and post-intervention poverty statistics, with a view to alleviating poverty with targeted efforts.

Poverty Situation in 2020

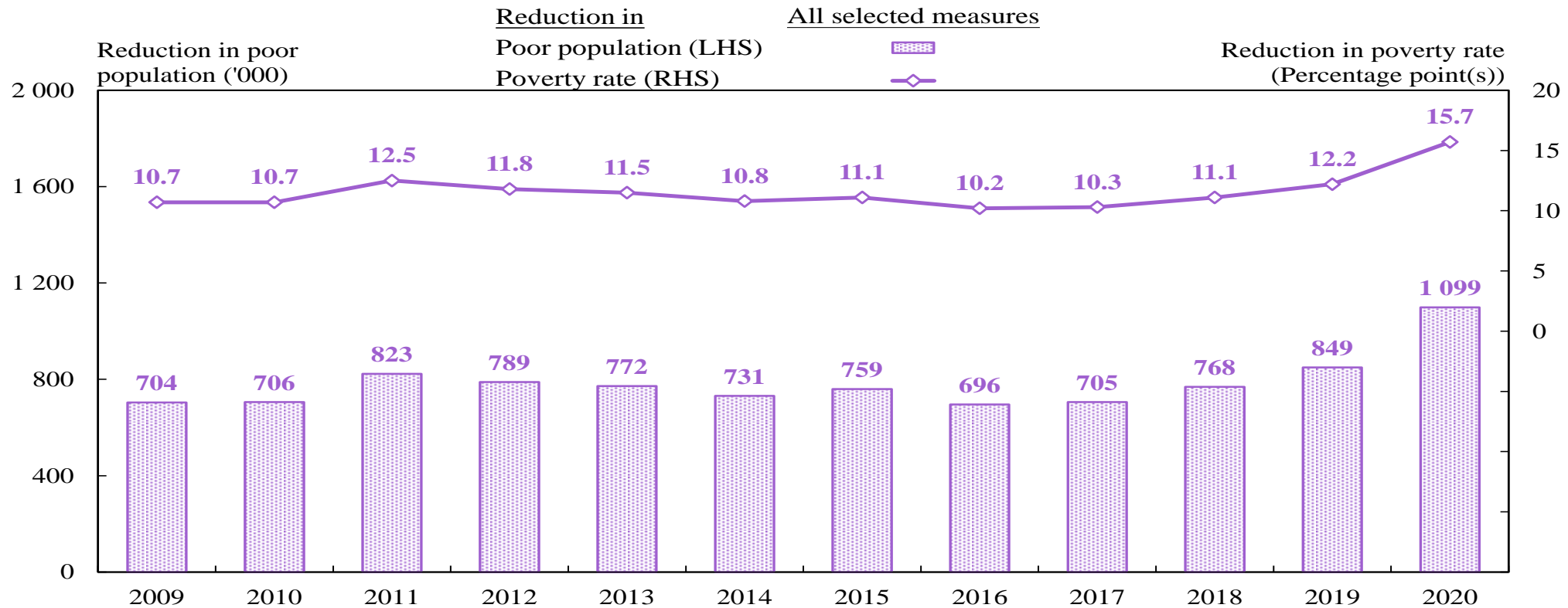
- Affected by the global COVID-19 pandemic, the Hong Kong economy experienced a severe recession in 2020. The labour market deteriorated sharply, grassroots families were particularly hard hit. The continuation of the accelerated ageing trend and dwindling household size exerted upward pressure to the poverty statistics calculated on the basis of household income
- In response to the challenges brought by the pandemic, the Government's total commitment in various policy interventions in 2020 was the highest on record. Apart from recurrent cash policies, the Government introduced various one-off counter-cyclical measures, unprecedented in terms of both the scale and the coverage. These measures helped alleviate the financial hardship of the grassroots while stabilising the economy and employment environment

- After taking into account the policy intervention of all selected measures, the overall poor population and the poverty rate in 2020 were 554 000 and 7.9%; substantially decreased by 117 000 and 1.9 percentage points compared with 2017 when this term of Government assumed office



Source: General Household Survey, Census and Statistics Department.

- On poverty alleviation impact, all selected measures lifted 1.1 million persons out of poverty, reducing the poverty rate by 15.7 percentage points, by far the greatest reduction on record (poverty alleviation impact substantially strengthened by 5.4 percentage points compared with 10.3 percentage points in 2017 when the current-term Government first assumed office)



Reduction in poor households ('000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All selected measures	288	289	337	324	321	306	320	298	307	337	361	461

Source: General Household Survey, Census and Statistics Department.

Findings of Previous Poverty Analyses

- Elderly and working poor households required special attention
- Comprehensive Social Security Assistance (CSSA) was the most effective recurrent cash measure in poverty alleviation
- Public rental housing (PRH) was the most effective poverty alleviation measure considering all selected measures

Poverty Alleviation Strategies

- Lift needy elderly out of poverty by providing cash welfare
- Develop our economy, provide training and retraining, encourage employment, and provide financial support for working households with lower incomes, particularly those with children, through the Working Family Allowance (WFA) Scheme
- Speed up PRH construction, build more transitional housing, and provide cash allowances to eligible PRH applicants who have been waiting for PRH for more than three years

Targeted Assistance

- **Old Age Living Allowance (OALA)**

- Elderly could apply on their own behalf or as married couples. Means tests are not carried out against the family as a unit
- Two-tiered allowance, including the Higher OALA (\$3,915 per month) and Normal OALA (\$2,920 per month)
- Measure with the highest number of elderly recipients, benefitting 640 000 elderly, amongst which 92% were receiving Higher OALA
- Announced in the 2021 Policy Address, the Higher OALA and Normal OALA will be merged in the second half of 2022, so that the more lenient asset limits of the Normal OALA will be adopted across-the-board, and eligible applicants will receive payment at the Higher OALA rate. The measure will benefit around 50 000 elderly recipients of the Normal OALA. New elderly applicants will also receive the Higher OALA
- The estimated recurrent expenditure of OALA in 2022-23 is around \$31.4 billion, more than doubled that in 2017-18

Targeted Assistance (Cont'd)

- **Guangdong Scheme and Fujian Scheme**

- To enable eligible Hong Kong elderly persons who choose to reside in Guangdong or Fujian to receive Old Age Allowance and OALA, benefitting more than 21 000 elderly persons
- At present, applicants for the Social Security Allowance (SSA) Scheme are required to fulfil the requirement of residing in Hong Kong continuously for one year immediately before the date of application, subject to an absence limit of 56 days. The Government will explore the relaxation of absence limit, thereby providing greater flexibility for elderly persons who wish to apply for the allowances under the SSA Scheme and retire in the Mainland

Targeted Assistance (Cont'd)

- **Working Family Allowance (WFA) Scheme**

- To support working households with longer working hours but lower incomes who are not receiving CSSA by providing an allowance based on the principle of “more work, more pay”, so as to encourage self-reliance
- Taking a four-person household with two children as an example, starting from July 2020, they can receive up to \$4,200 per month, which is over 60% higher than that under the then Low-income Working Family Allowance (LIFA) Scheme
- In April 2022, there were about 60 000 WFA active households (involving about 200 000 persons, including around 78 000 children), more than doubled the number of the then LIFA Scheme
- In 2022-23, the estimated recurrent expenditure for the WFA Scheme is about \$2.57 billion, which is about three times of that of the then LIFA Scheme in 2017-18

Targeted Assistance (Cont'd)

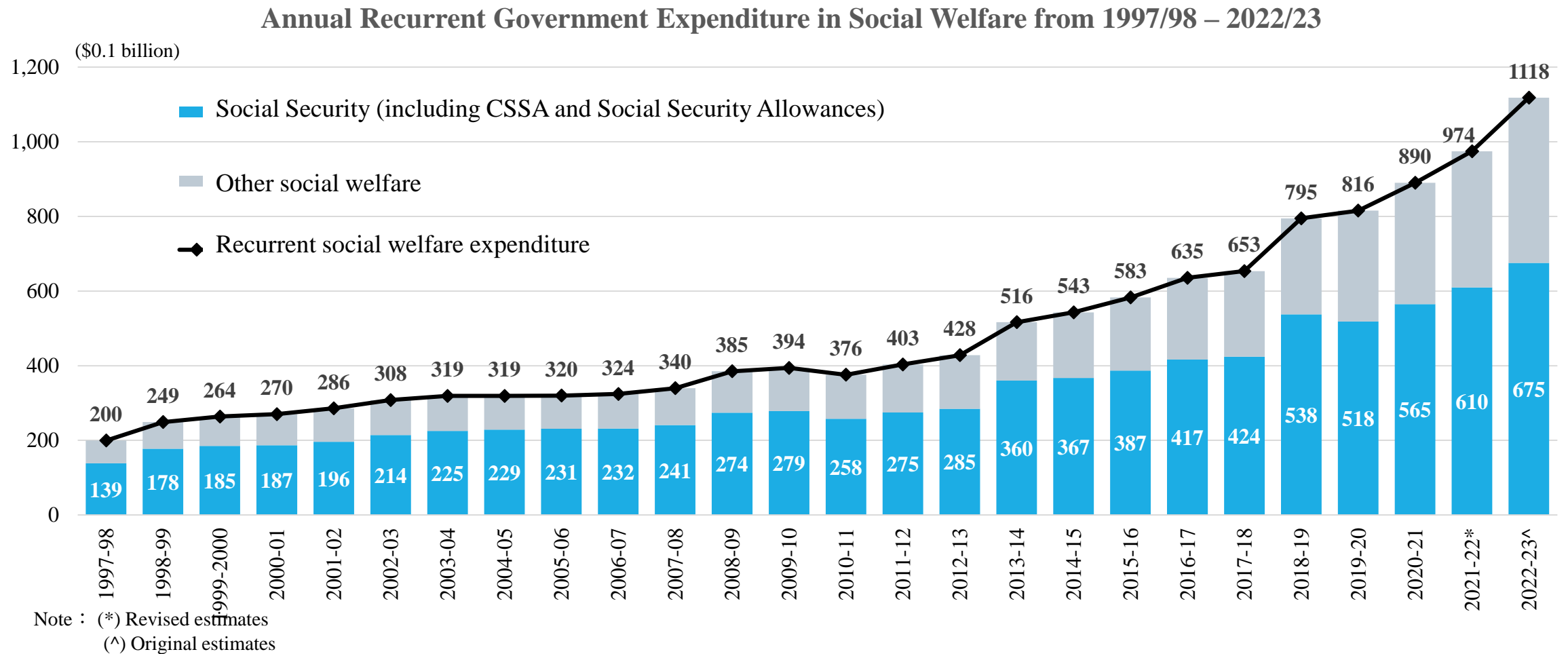
- **CSSA Scheme**

- The CSSA Scheme aims at providing a safety net for those who cannot support themselves financially. It is designed to bring their income up to a certain level to meet their basic needs
- Conducted the first major review of the Scheme in 20 years in 2019, and fully implemented in February 2021 a number of enhancement measures announced in the 2019 Policy Address, including a substantial one-off increase in the maximum rent allowance and the extension of various supplements and special grants to eligible non-elderly able-bodied recipients
- At the same time, the maximum monthly disregarded earning limit under the CSSA Scheme has been substantially increased by 60% from \$2,500 to \$4,000 (including increasing the limit for full disregard of the first \$800 of monthly income to the first \$1,200)

Resources Allocation

- The estimated recurrent expenditure on social welfare in 2022-23 is \$111.8 billion, representing a substantial increase of \$91.8 billion or 460% over the actual expenditure of about \$20 billion at the time of reunification (i.e. 1997-98). Social welfare expenditure as a percentage of recurrent government expenditure has also increased from 13% in 1997-98 to 20% of the estimates for 2022-23
- The estimated recurrent expenditure on social security (including CSSA and SSA) in 2022-23 is \$67.5 billion, representing a substantial increase of \$53.6 billion or 386% over the actual expenditure of \$13.9 billion in 1997-98

- Recurrent expenditure on social welfare and social security has increased respectively by **71%** and **59%** under the current-term Government. The growth is the largest among different terms of Government



Support Employment and Encourage Self-reliance

- The Social Welfare Department has implemented the enhanced Employment Support Services (EmSS). Through the provision of integrated employment support services on a family basis, the EmSS assists able-bodied CSSA applicants / recipients aged 15-64 to overcome work barriers and enhance their employability so that they can find paid employment
- The Labour Department increased the maximum amount of on-the-job training allowance payable to employers under the Employment Programme for the Elderly and Middle-aged and the Work Orientation and Placement Scheme twice in 2018 and 2020 to encourage employers to employ the elderly and middle-aged as well as persons with disabilities
- The Labour Department also provided a retention allowance to elderly and disabled employees participating in the above employment programme/scheme in 2020 with a view to stabilising employment

Support Employment and Encourage Self-reliance (Cont'd)

- **Love Upgrading Special Scheme**

- The Employees Retraining Board launched the Special Scheme in October 2019 to provide employees affected by economic downturn with training and special allowance. Five phases of the Special Scheme have been launched to date, providing a total of 80 000 training places
- The statutory cap of training allowance for trainees has been increased to \$5,800 per month since May 2020
- \$2.5 billion was injected into the Employees Retraining Fund in 2020 to implement the aforesaid measures

- **Regular retraining programmes**

- Over 700 regular training courses covering 28 industries and various generic skills are provided. Together with the Love Upgrading Special Scheme, some 100 000 training places in total are provided yearly
- Dedicated courses are provided for special service targets including young people, Post-50 and ethnic minorities

Unemployment Support

- **CSSA Scheme**

- A time-limited Special Scheme of Assistance to the Unemployed was introduced, under which the CSSA asset limits for able-bodied persons were relaxed by 100% from June 2020 to May 2021
- From April to September 2021, the cash value of insurance policies of able-bodied CSSA applicants was disregarded as assets during a grace period of one year

- **Anti-epidemic Fund**

- Three rounds of the Job Creation Scheme were launched to create a total of 90 000 time-limited jobs for people with different skill sets and academic qualifications
- The Temporary Unemployment Relief Scheme was launched under the sixth round of the Anti-epidemic Fund

Unemployment Support (Cont'd)

Number of unemployed CSSA and unemployment rate in Hong Kong
from December 1998 to April 2022



Poverty Alleviation Impact of PRH

- Past Hong Kong Poverty Situation Reports have shown that the provision of PRH has a notable impact on poverty alleviation. In 2020, the PRH helped more than 260 000 people out of poverty and reduced the poverty rate by 3.8 percentage points, which is even more effective than the recurrent cash measures
- It is not difficult to imagine that if average grass-roots tenants have been offered a PRH unit, apart from a significant improvement in their living environment, their housing expenses will be greatly reduced, thereby increasing their disposable resources
- Based on the current CSSA payment rates, a 2-member CSSA family and a 4-member CSSA family (including both PRH tenants and those not living in public housing) can receive an average of \$11,353 and \$17,463 per month respectively, which is slightly higher than the average monthly expenditure of a 2-member non-CSSA family and a 4-member non-CSSA family in the lowest 25% expenditure group (\$9,845 and \$17,361 respectively). At present, nearly 60% of CSSA families are PRH tenants, and the maximum rent allowance (MRA) under the CSSA scheme can fully cover the rent of most PRH tenants on CSSA
- To solve the poverty problem, it is important to actively identify land to increase housing supply

Focusing on Specific Target Groups

- **To support ethnic minorities by introducing about 30 new initiatives on education, employment, social welfare, healthcare and social inclusion, including:**
 - Additional subsidy for kindergartens admitting non-Chinese speaking (NCS) students – a total of \$470 million has been granted to 506 kindergartens since the 2017/18 school year
 - Grant for supporting NCS students with special educational needs – a total of \$106 million has been granted to about 3 000 students since the 2019/20 school year
 - Enhanced additional funding for schools admitting a relatively small number of NCS students – a total of about \$148 million has been granted to about 450 schools since the 2020/21 school year
 - Strengthened welfare support through outreaching – nearly 5 000 persons benefited between March 2020 and December 2021
 - Strengthened translation services for ethnic minorities – the translation workload of the CHEER Centre has significantly increased from 5 500 cases in 2018-19 to about 9 600 cases in 2021-22. Translation services in Vietnamese were introduced in June 2019
- **The support measures rolled out involved an expenditure of over \$800 million in the four financial years since 2019-20**

Focusing on Specific Target Groups (Cont'd)

- **To alleviate the livelihood difficulties faced by grassroots families which have been waiting for PRH for a prolonged period of time**
 - The Cash Allowance Trial Scheme was launched at the end of June 2021 to alleviate the livelihood difficulties faced by grassroots families which have been waiting for PRH for a prolonged period of time
 - The amount of cash allowance is determined by the number of persons listed in a PRH application who meet all eligibility criteria, making reference to 50% of the respective maximum rent allowance under the CSSA Scheme: \$1,300 for a one-person household, \$2,250 for a two-person household, \$2,700 for a three-person household, \$3,050 for a four-person household, \$3,350 for a five-person household, and \$3,900 for a household with six or more persons
 - As at the end of April 2022, the Government disbursed cash allowances of about \$1.45 billion to about 72 800 eligible PRH General Applicant households

Focusing on Specific Target Groups (Cont'd)

- **To support children - Child Development Fund (CDF)**
 - \$300 million was injected into the CDF in 2018-19 for launching more projects which aimed to boost the self-motivation and confidence of grassroots children and help them plan for their future
 - Since the current-term Government took office in 2017, a total of 220 CDF projects have been funded with more than 17 000 beneficiaries, including children and youths of ethnic minorities, or with disabilities, or living in cubicle apartments
 - Each CDF project comprises three key components, namely Personal Development Plan, Mentorship and Targeted Savings

Community Care Fund (CCF) to plug gaps in the existing system

- Plugging gaps in the existing system: to provide assistance to people facing financial difficulties, in particular those who fall outside the social safety net or those within the safety net but still have special circumstances that are not covered
- On a pilot basis: to play a pilot role of helping the Government identify those measures that can be considered for incorporation into its regular assistance and service programmes
- 59 assistance programmes have been launched under the medical, education, welfare, home affairs and housing areas with a total commitment of around \$20.8 billion
- In the past five years, 23 new assistance programmes were launched under the CCF with an increase in the commitment by 193% from around \$7.1 billion to around \$20.8 billion, benefiting a total of 1.23 million people, an increase of 80%

Social Innovation and Entrepreneurship Development Fund (SIE Fund)

- Responding to the needs of society by facilitating social innovation and nurturing social entrepreneurship
- The effectiveness of the SIE Fund in poverty alleviation was remarkable in the past five years:
 - an increase of 319 funded projects (nearly 300%)
 - an increase of \$260 million in the total amount of funds provided (over 500%)
 - an increase of 260 000 beneficiaries (over 700%)
- Flagship projects named the “FOOD-CO” and the “Gerontechnology Platform” were introduced in 2017 and 2021 respectively to enhance the effectiveness and efficiency of the food support service and foster the development of the gerontechnology ecosystem in Hong Kong. In addition, the SIE Fund actively promotes the development of Pay-for-Success in Hong Kong by launching the “Start from the beginning - Chinese Supporting Scheme for Non-Chinese Speaking Students in Kindergarten”, the first Pay-for-Success Project in Hong Kong

Enhancing Self-Reliance Through District Partnership Programme

- Launched in 2006, the Programme provides grants for eligible organisations for setting up or scaling up social enterprises (SEs) targeting at the socially disadvantaged to enhance their self-reliance and integration into the community
- A total of \$600 million have been injected to fund SE projects since its launch, with a maximum grant of \$3 million for each approved project
- Grants of around \$360 million were approved for over 250 SEs projects so far
- Around 6 800 persons have been directly employed by the funded SEs and 80% of those employed were socially disadvantaged