

LCQ19: Poverty alleviation measures

Following is a question by the Hon Yung Hoi-yan and a reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (November 29):

Question:

There are views that while the Government raised the rates of subsidy under the Social Security Allowance Scheme and the Comprehensive Social Security Assistance Scheme this year, it has neglected the Child Allowance under the Working Family Allowance Scheme (WFA Scheme) and failed to introduce specific support measures to address child poverty. Regarding poverty alleviation measures, will the Government inform this Council:

(1) whether it will consider removing the requirement that the amount of child allowance under the WFA Scheme be linked to household income, and instead granting a full-rate monthly allowance (i.e. \$1,400) across the board for each eligible child; if so, of the details; if not, the reasons for that;

(2) whether it will comprehensively review the existing application thresholds of various government welfare subsidy schemes and relax commensurately the eligibility criteria for those most in need, thereby achieving targeted poverty alleviation; if so, of the details; if not, the reasons for that;

(3) given that the last time the Government released poverty statistics for Hong Kong was November 2021 (as set out in Hong Kong Poverty Situation Report 2020), whether the Government has plans to release the latest poverty statistics; if not, of the reasons for that; if so, the details and timetable, and whether it will release the latest statistics annually in the future; and

(4) given that the Government set up the Task Force to Lift Underprivileged Students out of Intergenerational Poverty and launched the Strive and Rise Programme (the Programme) last year to address the problem of intergenerational poverty, apart from the Programme, what other specific measures are put in place by the Government to ameliorate the problem of intergenerational poverty?

Reply:

President,

The current-term Government has adopted a strategy of targeted poverty alleviation by directing resources to those most in need. The Commission on Poverty (CoP) supports the Government's strategy of targeted poverty alleviation and agrees that the Government should adopt a two-pronged approach to address the specific needs of different target groups. On the one

hand, the Government should empower those who are able to help themselves so that they could achieve self-reliance and improve their livelihood and at the same time help release potential labour force of society. On the other hand, the Government should continue to plug existing service gaps by supporting those who are unable to help themselves.

As far as the policy areas of the Labour and Welfare Bureau are concerned, the reply to the four parts of the question raised by the Member is as follows:

(1) The Working Family Allowance (WFA) Scheme aims to support lower income working households which are not on the Comprehensive Social Security Assistance (CSSA), promote their self-reliance through full-time employment and reward hard work.

Under the WFA Scheme, the rates of household allowance are determined based on a household's monthly working hours and income. Additional child allowance is given to each eligible child or youth (Note) of an eligible household. The rates of the child allowance are determined by the household's income, with higher rates for households with lower incomes.

The Government will increase the rates of the household and child allowances under the WFA Scheme by 15 per cent across the board with effect from the claim month of April 2024, benefiting all households receiving WFA. Increasing the rates of WFA will help further alleviate the burden of grassroots working families with children.

In addition, the Government has implemented a host of improvement measures for the WFA Scheme in recent years, including relaxing the eligibility criteria, substantially increasing the rates of allowance twice in 2018 and 2020, and allowing household members to aggregate their working hours to receive higher amounts of allowances, etc. The Government reviews the implementation and promotion of the Scheme from time to time and encourages more eligible working households to apply for the allowances with a view to providing adequate support for working families and their children.

Note: Children aged below 15, or aged between 15 and 21 receiving full-time education (excluding post-secondary education).

(2) The Government implements a non-contributory social security system to provide suitable cash assistance for needy people, comprising the CSSA Scheme and the Social Security Allowance (SSA) Scheme (which includes the Old Age Living Allowance (OALA), Old Age Allowance (OAA) and Disability Allowance (DA)). Separately, the WFA Scheme provides support to working families in full-time employment with relatively low income who are not on CSSA. Each of the schemes adopts different application requirements having regard to their respective objectives, in order to ensure that finite public resources are directed to people in need.

The CSSA Scheme provides a safety net of last resort for people who cannot support themselves financially due to old age, ill-health, disability,

single parenthood, unemployment, low-earnings or for other reasons to help them meet their basic needs. In this connection, relatively rigorous means tests are put in place. The SSA Scheme aims to help severely disabled Hong Kong residents or those aged 65 or above meet special needs arising from severe disability or old age. Thereof, OALA is means-tested to echo its aim of supplementing the living expenses of elderly persons who are in need of financial support. OAA and DA are non-means tested and mainly take into account applicants' age or disability respectively. As mentioned above, the WFA Scheme aims to support lower income working households which are not on CSSA. Applicants are thus required to meet income and asset limits, as well as working hour requirements.

The Government adjusts the income and asset limits of the aforementioned schemes annually in accordance with the established mechanism (e.g. with reference to the movements of the Consumer Price Index (A)), so as to ensure that the schemes can support persons in need reasonably and effectively. In considering enhancements, the Government must take into account the long-term financial sustainability of the schemes. In order to strengthen the support provided for needy people, the Government has continually enhanced the relevant schemes. Apart from the various improvement measures for the WFA Scheme, the Government in recent years has implemented other enhancement measures including:

(a) In 2019, a major review of the CSSA Scheme was conducted and a host of improvement measures has been fully implemented since February 2021 to benefit most recipients. The relevant measures included significantly increasing the monthly maximum level of the disregarded earnings by 60 per cent to \$4,000, substantially raising the maximum rent allowance (by as much as 27 per cent depending on household size), as well as extending various supplement and special grants to eligible non-elderly able-bodied recipients;

(b) The Normal and Higher OALAs had been merged with effect from September 2022, adopting the more relaxed asset limits of Normal OALA and the payment rate of Higher OALA. The merged OALA is simplified and easily understandable, allowing elderly persons to retain more assets; and

(c) The absence limit under the pre-application one-year continuous residence requirement of the SSA Scheme had been relaxed from 56 days to 90 days starting from September 2023 to facilitate applicants' longer period of absence from Hong Kong.

(3) and (4) The previous methodology of taking the median monthly household income as the sole indicator for measuring poverty has obvious limitations, as it neither takes into account household assets and liabilities nor covers in-kind benefits such as public medical services, subsidised housing and free education.

The new-term CoP supports the Government's new strategy of targeted poverty alleviation. Based on the Government's statistics and by making multidimensional analyses of household characteristics, employment and income

situation, coverage of government cash benefits, living environment, rental burden, burden of supporting dependants, etc., the CoP has identified three groups for targeted poverty alleviation, namely households residing in subdivided units (SDUs), single-parent households and elderly households (including singleton, doubleton and three-person-and-above elderly households). Among others, the Strive and Rise Programme (the Programme) launched by the Government in October 2022 focuses on lifting secondary school students from underprivileged families, particularly those living in SDUs, out of intergenerational poverty through the tripartite collaboration of the Government, the business sector and the community. The Government launched the second round of the Programme in October 2023 with new elements, including increasing the number of mentees from 2 800 to 4 000, with an extension to cover Secondary Four students; enriching the variety of group activities with more Mainland study and exchange tours; introducing mentorship groups; and establishing an Alumni Club for mentees who have completed the Programme to provide them with diversified social activities and internship opportunities. The Government has formulated a key performance indicator (KPI) for the Programme to evaluate and compare the changes in the beneficiaries before and after participating in the Programme. The Government will continue to implement various targeted poverty alleviation projects catering to the needs of the target groups.

In order to continuously monitor the effectiveness of the poverty alleviation work in Hong Kong, the CoP supports the Government's adoption of a multidimensional approach (i.e. not only focusing on income) to monitor the situation and changes in the overall population of Hong Kong and in various target groups. As mentioned by the Government at the meeting of the Legislative Council Subcommittee on Reforming the Poverty Alleviation Policies and Strategies on April 28, 2023, the Office of the Government Economist is following up on the relevant work, including devising macro indicators for long-term monitoring and formulating, from a micro perspective, KPIs for relevant targeted poverty alleviation projects. The Government will announce the details in due course when a concrete proposal is ready.