

Position Paper on the Reinstatement of the Commission on Poverty August 2012

1. Introduction

Before its reunification with China in 1997, Hong Kong enjoyed a high level of economic prosperity,¹ but the distribution of income was among the most uneven in the world.² Against this background, in 1996 Oxfam Hong Kong collaborated with the Hong Kong Council of Social Service (HKCSS) to research and analyse the conditions of low-expenditure households in Hong Kong.³ As a result of that study, Oxfam Hong Kong was the first to call for the establishment of an inter-departmental government working group to study the underlying socio-economic causes of poverty and formulate a poverty alleviation policy. Since then, we have been urging the government to set up an inter-departmental committee to study the incidence of poverty, define a poverty line and propose measures to alleviate this problem.

The outbreak of SARS in early 2003 induced a sharp drop in local consumption. The unemployment rate peaked at 8.6 per cent in the second quarter of 2003. In 2004 the outbreak had ended, but the economy remained in the doldrums. However, the 2004 Policy Address included no proposal to address the worsening poverty situation in Hong Kong. Oxfam Hong Kong was of the view that, as the problem of poverty was complex and involved various policy areas, the government should take the lead in engaging the community and coordinating various bureaus and departments in formulating a comprehensive policy to address the problem. Therefore, we once again requested that the government set up a central committee to address poverty.⁴

After years of lobbying, in January 2005 the Chief Executive finally announced in his Policy Address the creation of a Commission on Poverty (CoP).⁵ Just before this formal announcement was made, Oxfam Hong Kong had conducted a comparative study on poverty alleviation methods and strategies in selected countries and had made concrete and detailed recommendations with regard to the composition and the terms of reference of the CoP.⁶

The CoP was formally established in February 2005, and was scrapped in June 2007. After the dissolution of the Commission, the government set up a Task Force on Poverty in October 2007, to monitor progress in implementing the recommendations made by the former CoP and to coordinate government efforts to alleviate poverty.

In his Election Platform, the new Chief Executive Leung Chun-ying promised to revive the CoP as soon as he took office, as a way of demonstrating that easing people's hardship was his top priority. The Chief Executive has already designated a preparatory committee to advise the government on the formation of the new CoP. Therefore Oxfam would like to take this golden opportunity to present its recommendations to the government on this issue. This paper first evaluates the work of the former CoP, then reviews poverty alleviation strategies and methods that different places have adopted. Finally, it makes a number of policy recommendations.

2. Review of the work of the former Commission on Poverty

2.1 Terms of reference and membership of the former CoP

The terms of reference of the former CoP were:⁷

- To study and identify the needs of the poor.
- To recommend policies for the prevention and alleviation of poverty, and the promotion of self-reliance.
- 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.

The former CoP was chaired by the Financial Secretary; its membership included the head of the Central Policy Unit and the four principal officials responsible for health and welfare, home affairs, employment and education, as well as LegCo members, business people, community leaders, representatives from NGOs, and academics.⁸

2.2 Key work areas of the former CoP

Apart from its regular bi-monthly meetings, the former CoP had set up two task forces (on “Children and Youth” and a “District-based Approach”) and two ad hoc groups (on “Elderly in Poverty” and “Social Entrepreneurship”) to better focus its efforts on key areas of work.⁹ Also, the former CoP conducted outreach activities (such as district visits) to gauge public views on how to prevent and alleviate poverty.

The former Commission had identified five key work areas which they considered the greatest community concerns, namely understanding poverty, supporting the unemployed and the working poor, supporting children and youth, supporting the elderly and adopting district-based initiatives.

Understanding poverty

Instead of defining a poverty line, the former CoP proposed a set of 24 indicators of poverty which were to be updated annually to provide an overview of the evolving poverty situation.¹⁰ This set of poverty indicators covered the following four groups: Children and youth, working people, older people and communities.

Supporting the unemployed and the working poor

The former CoP proposed a pilot transport support scheme in mid 2006, to reduce the financial burden on needy people residing in remote areas.¹¹ In addition, to encourage the unemployed to enter the job market, the former CoP proposed that the government introduce the “Enhancing Self-Reliance through District Partnership Programme”, which provided seed grants to non-profit organisations to set up social enterprises that would provide job opportunities for the unemployed.¹²

Supporting children and youth

The former CoP supported the establishment of the \$300 million Child Development Fund (CDF) in April 2008. The fund was to support NGOs that organise projects for children from disadvantaged backgrounds, teach them how to formulate personal development plans and instruct them using their own savings and matching donations.¹³

Supporting the elderly

The former CoP suggested enhancing outreach programmes to “hidden” and single elders to link them to existing networks of community support and encourage their participation in the community.

District-based initiatives

The former CoP supported the implementation of a district-based approach in three pilot districts (Sham Shui Po, Yuen Long and Kwun Tong). They also suggested strengthening the role of District Officers to encourage collaboration and identify district priorities and strategies.

2.3 Comments and criticisms

Lack of consultative mechanism, no channel for public to reflect their views

The former CoP did not have a regular public consultative mechanism to gauge public views on topics related to poverty. Although the former CoP made several visits to stakeholders to discuss certain issues, this kind of public engagement was not treated as a necessary step or

given a statutory position in the decision-making process. A better approach would have been a civic engagement platform modeled on that of Ireland (outlined below).

As chairman, the Financial Secretary did not have administrative authority spanning different policy areas

The chairman of the former CoP, the Financial Secretary, only worked with three government bureaus, namely the Financial Services and Treasury Bureau, the Economic Development and Labour Bureau and the Commerce, Industry and Technology Bureau. Poverty alleviation is complicated and involves an extensive range of policy areas, but the Financial Secretary did not have the administrative authority to coordinate the formulation and implementation of measures by various bureaus and government departments to help the poor.

No poverty line was defined, no specific poverty reduction targets were set, and no target groups were identified

There is no official poverty line in Hong Kong. There was a general consensus among members of the former CoP that poverty should not be defined rigidly by one fixed figure or line.¹⁴ However, setting an official poverty line is important because it demonstrates an official commitment to poverty alleviation. Moreover, without a poverty line, it is difficult to identify target groups and estimate the number of people in poverty, which hinders the development of long-term anti-poverty strategies and plans.

Also, the former CoP did not have specific poverty reduction targets, such as the number or percentage of working poor families it aimed to reduce within a certain time frame.

Only piecemeal measures without policy

The establishment of the former CoP raised high expectations among its members and the public. After two years of work, the Commission produced a report listing 53 recommendations. However, only a few of them have been effectively implemented, such as the transport support scheme for low-income workers. The wealth gap continues to widen and the poverty problem remains. The former CoP proposed only small, piecemeal and remedial measures within the existing economic and social policy framework and was not prepared to formulate long-term policies to combat poverty. This reflected the fact that the government lacked commitment to the task of alleviating poverty.

3. International examples of poverty alleviation methods and strategies

In the following section, we review the anti-poverty policies and practices in seven countries or regions – the United States, Canada, the United Kingdom, Ireland, China, Taiwan and Singapore – and consider their applicability to Hong Kong's situation.

3.1. Measuring poverty (See Research Report, Paragraphs 13-51, 73-77)

Most of the countries or regions that we studied have official criteria for defining poverty. For example, in the United States and China, governments take an absolute approach, calculating the minimum income needed to cover the cost of basic needs such as food and housing, and drawing the poverty line at that level. In the United Kingdom, Ireland and Taiwan, governments take a relative approach. They generally employ a range of indicators to determine whether an individual can afford what is generally considered to be an adequate standard of living. At the same time, they set an income threshold at a particular fraction of the mean or median income as a definition of poverty. For example, in the UK, the government measures the number of poor or at-risk children living in households with income below 70 per cent of the median household income and suffering from material deprivation. Taiwan has an official relative poverty line, set at 60 per cent of the median per capita disposable income.

In Singapore, however, there is no official poverty line and no reliable or generally accepted estimate of the number of poor. Policy interventions appear too weak to alleviate the woes of low-income people. In Singapore, income distribution has become more skewed in the past

decade or so.

An official poverty line is important because it demonstrates an official commitment to poverty alleviation. It defines the extent of the problem, and determines when government intervention is required – for example, by providing welfare assistance to a person or a household.

3.2 Institutional methods of combating poverty (See Research Report, Paragraphs 52-60, 78-84)

The UK and Ireland both have a designated ministerial official to handle anti-poverty policy coordination, or a designated coordinating body staffed by ministerial-level officials across a wide range of policy areas. This indicates that policies to combat poverty go well beyond the scope of a single bureau. For example, in the UK, the Social Exclusion Task Force (SETF) is a cross-departmental unit that coordinates policy and ensures delivery at the departmental level. The Social Inclusion Division (SID) of Ireland performs a similar function, coordinating and driving the implementation of the National Action Plan for Social Inclusion. To ensure coordination in the context of a complex government bureaucracy, both countries entrust their head of government with the task of overseeing poverty alleviation; the SETF is chaired by the British Prime Minister and the SID by the Irish equivalent, the Taoiseach.

In the UK, SETF has made significant progress in dealing with social exclusion issues since its creation in 2006. One example is the Public Service Agreement (PSA) introduced in 2007 – PSA 16 – which aimed at reducing social exclusion among the most vulnerable adults. SETF coordinated seven government departments, all working on policies to help disadvantaged groups in the country. PSA16 has helped to ensure that the most at-risk individuals are given opportunities to remain in education and training longer. Starting in spring 2009, the age at which individuals could claim Income Support while pursuing full-time education rose from 20 to 21. In Ireland, the government's anti-poverty efforts are producing encouraging trends in recent years. For example, the relative poverty (at-risk-of-poverty) rate decreased from 18.5 per cent in 2005 to 14.1 per cent in 2009. The consistent poverty rate fell from a baseline of 7 per cent in 2005 to 4.2 per cent by 2008.

3.3 Social partnership (See Research Report, Paragraphs 61-72, 85-90)

In Ireland, a wide range of social actors are involved in the policy process. This includes a number of sectoral pillars together with a set of institutions, with policy remits feeding into the final policy strategy. For instance, the community and voluntary pillar (CV pillar) is composed of some seventeen national associations. They have extensive memberships throughout the country, and have brought a large cross-section of civic associations into the partnership process. Pillar members are expected to work with colleagues within their own pillar to produce consensus policy proposals and positions. They meet separately within their own pillar to analyse and prepare joint positions on and responses to draft papers emanating from the government. Pillar representatives then present and promote these at different forums. At the national level, the National Economic and Social Council (NESC) is the institution that brings together the pillar representatives as well as a number of parliamentary representatives and independent specialists to deliberate on and provide input on reports in broad areas of social inclusion that may inform relevant policy. The frequency and intensity of both NESC and pillar meetings increase considerably in the months leading up to the final bilateral negotiations between pillar members and state representatives.

In Ireland, the impact of social partnerships on policy making is characterised by the fact that policies and action priorities should be based on local knowledge and in line with the proposals of civic associations. The Irish government recommends that the contribution of associations to policy and service provision be supported financially. In fact, it is known that the period of social partnership has been one of unprecedented economic success in Ireland. The country's economic transformation began in 1987 and overlapped in time with the institutionalisation of social partnership. In 15 years Ireland transformed itself from one of the poorest countries in Europe to one of the richest. Between 1988 and 2000, real GDP grew by 132 per cent, compared with 45 per cent in the US and the Netherlands and 32 per cent in the European Union (EU) as a whole. In the same years, unemployment fell from 16.2 per cent to 4.2 per cent, well below the EU average of 8.2 per cent.¹⁵ It is widely recognised that social

partnerships played a significant role in reducing the level of conflict in the country.

3.4 Good practices from international experience

From the above, we can conclude that a successful poverty alleviation institution should include the following four characteristics:

- Be endowed with resources and statutory powers that ensure multi-departmental cooperation, and be directed by the central government.
- Be responsible for setting up a range of poverty measurement indexes and a poverty line.
- Have specific poverty reduction targets, corresponding to action plans, and monitoring and evaluation procedures.
- Include social partnership and statutory public engagement mandates.

4. Oxfam Hong Kong's policy recommendations

4.1 Primary tasks of the new CoP

International experience suggests that governments need official policies and strategies to combat poverty, as well as specific poverty reduction targets, in order to monitor the impacts and poverty trends of the countries and deal effectively with the problem of poverty. It is important to avoid piecemeal, remedial measures and to adopt long-term policies and practices. We have the following recommendations:

(a) Set an official poverty line

- A poverty threshold might be set at a certain percentage (for example, 50 per cent) of the median income or expenditure of a corresponding household
- It might also refer to other international institutions. For example, in the European Union (EU) and the Organisation for Economic Cooperation and Development (OECD), relative poverty is defined as an income below 60 per cent and 50 per cent of the national median equivalised disposable income after social transfer for a comparable household respectively.

(b) Identify the target groups

- Formulate specific poverty reduction targets, long-term strategies, action plans and budget plans. For example, the poverty reduction targets may be the number of working poor families to be reduced by 20 per cent in two years' time.

(c) Monitor and evaluate the progress and the impact of work programmes and measures regularly (for example, every six months)

- To assess the implementation and achievements of the work programmes and measures against stated priorities and objectives.
- To share the programme learning.

(d) Announce poverty figures regularly (for example, every year)

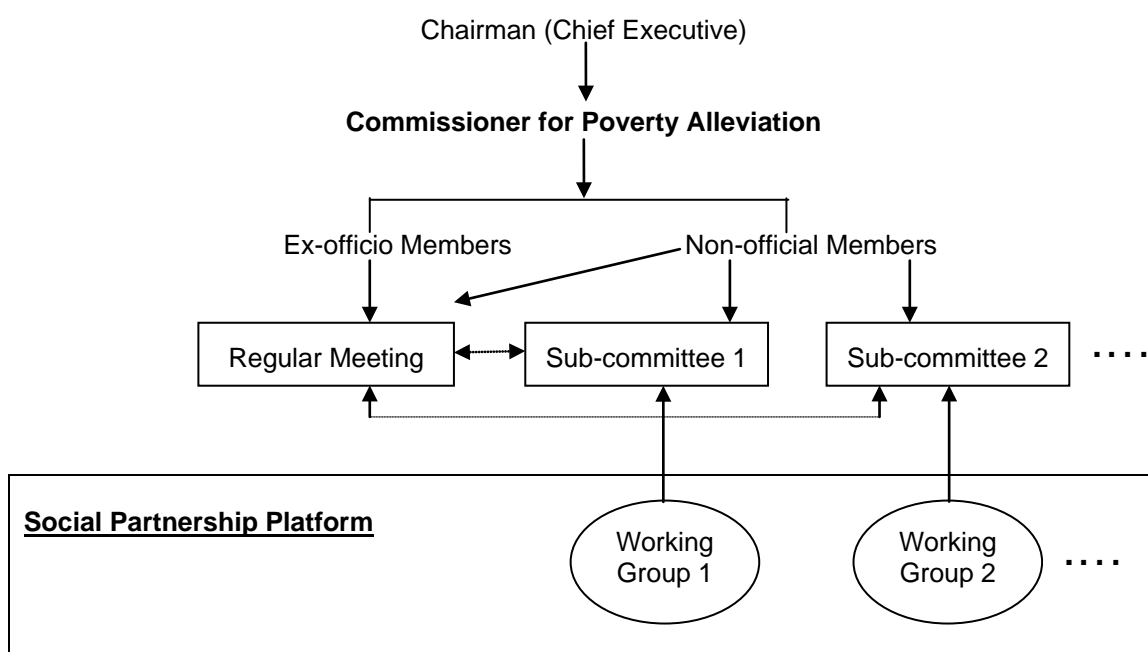
4.2 Institutional design of the new CoP

International and former CoP experience shows that allowing the Chief Secretary or the Financial Secretary to head the poverty commission is flawed. Neither of them has the wide-ranging administrative authority necessary to implement poverty alleviation goals. Therefore, we have the following recommendations (See Figure 1):

- (a) The new CoP should have substantive power and resources; it should not be only an advisory body.

- (b) The new CoP should be cross-departmental and cross-bureau, with the principal officials (Bureau Secretaries) responsible for welfare, labour, health care, education, home affairs and financial services as ex-officio members.
- (c) The new CoP should be chaired by the Chief Executive (CE), whose administrative authority spans the entire range of policy areas.
- (d) A new post, “**Commissioner for Poverty Alleviation**”, at directorate grade of the government structure is proposed. This post should be filled up by non-government official, so as to ensure that local voices and opinions are included in setting the agenda and in decision making. The suggested post would have the following characteristics:
 - Serve as the administrative arm to support the CE.
 - Directly report to the CE.
 - Not be a government principal official (Bureau Secretary).
 - Serve as a linchpin between the commission and relevant government departments to coordinate and facilitate the policy process.
- (e) The CoP members should include: LegCo members, business people, community leaders, representatives from NGOs, the grassroots, labour unionists, opinion leaders and academics.
- (f) Sub-committees should be set up to focus on key areas of work and to gauge public views on topics related to poverty.
 - Examples of work areas are: elderly poverty, the working poor, child poverty (intergenerational poverty), poverty among ethnic minorities, etc.
 - With regard to membership, apart from the non-official members of the CoP, representatives from Social Partnership Platform (see below) should also be appointed as sub-committee members.
 - The proportion of representatives from Social Partnership Platform in the sub-committee should be at least 50 per cent.
- (g) A new Social Partnership Platform should be set up to gauge public views on different poverty topics.

Figure 1: Proposed Structure of the Commission on Poverty



4.3 Establish a social partnership platform

In order to gauge public views on topics related to poverty, we propose to establish a new

Social Partnership Platform (SPP):

- (a) Structure: As mentioned above, we propose setting up several sub-committees within the new CoP to better focus on the key areas of work. To be consistent with this arrangement, corresponding Working Groups should be formed within the SPP.
- (b) Membership and nomination
 - In each Working Group, a majority of seats should be filled by representatives of civil society organisations with concerns and interests in that policy area, to confer a higher degree of independence and diversity.
 - Only a small percentage of members should be appointed by the government.
 - Representatives from each Working Group should also be appointed as members of its corresponding sub-committee on the new CoP.
- (c) Duties
 - To study poverty issues as initiated by members or requested by the CoP.
 - To conduct public consultations to gauge the views of the community.

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- ¹ Gross Domestic Product (GDP) per capita in Hong Kong was HK\$180,323 (US\$23,118) in 1995, the fourth highest in the world, and the unemployment rate stood at 1.3% to 2% from 1990 to 1994.
- ² The Gini Coefficient reached a record high of 0.518 in 1996 and the poorest 20% of families accounted for less than 4% of total household income, while the top 20% of families held 56%. Source: Census and Statistics Department. 1996. *Summary Results of the 1996 Population By-Census*. Hong Kong: Census and Statistics Department. (<http://www.statistics.gov.hk/pub/B79612FB1996XXXXB0100.pdf>).
- ³ Wong Hung & Chua Hoi Wai. 1996. *Research on Expenditure Pattern of Low Expenditure Households in Hong Kong*. Hong Kong: Hong Kong Council of Social Service & Oxfam Hong Kong.
- ⁴ Oxfam Hong Kong. 8 March 2004. *Written submission to LegCo Panel on Welfare Services* (in Chinese) (<http://www.legco.gov.hk/yr03-04/chinese/panels/ws/papers/ws0308cb2-1609-10c-scan.pdf>).
- ⁵ Tung Chee-wah. 12 January 2005. *The 2005 Policy Address: Working Together for Economic Development and Social Harmony* (Paragraph 44) (<http://www.policyaddress.gov.hk/2005/eng/p43.htm>).
- ⁶ Oxfam Hong Kong, Hong Kong Social Security Society and Concerning CSSA Review Alliance. 14 January 2005. *Written submission to LegCo Subcommittee to Study the Subject of Combating Poverty* (in Chinese) (http://www.legco.gov.hk/yr04-05/chinese/hc/sub_com/hs51/papers/hs510114cb2-632-02-c.pdf).
- ⁷ http://www.cop.gov.hk/eng/term_of_reference.htm.
- ⁸ Details of the membership can be found at: <http://www.cop.gov.hk/eng/membership.htm>.
- ⁹ <http://www.cop.gov.hk/b5/aboutus.htm>.
- ¹⁰ A full set of 24 poverty indicators can be found at: [http://www.cop.gov.hk/eng/pdf/ReportAp1\(e\).pdf](http://www.cop.gov.hk/eng/pdf/ReportAp1(e).pdf).
- ¹¹ Details of the Transport Support Scheme can be found at: <http://www.tss.labour.gov.hk>.
- ¹² Details of the "Enhancing Self-Reliance through District Partnership Programme" can be found at: http://www.had.gov.hk/en/public_services/en_self_reli/index.htm.
- ¹³ Details of the Child Development Fund can be found at: <http://www.cdf.gov.hk>.
- ¹⁴ http://www.cop.gov.hk/eng/concept_indicator.htm.
- ¹⁵ Lucia Baccaro & Marco Simon. 2004. *The Irish social partnership and the "Celtic tiger" phenomenon*. International Labour Organisation (International Institute for Labour Studies).