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**Poverty Alleviation and Policy Dynamics in Hong Kong :**  
**A Study of the Community Care Fund**

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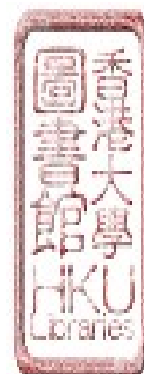
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**Capstone project in partial fulfilment of the requirements  
of the Master of Public Administration**

**Department of Politics and Public Administration**

**The University of Hong Kong**

**2014**



## **Declaration**

We declare that this Capstone Project Report, entitled “Poverty Alleviation and Policy Dynamics in Hong Kong : A Study of the Community Care Fund”, represents our own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or any other institution for a degree, diploma or other qualification.

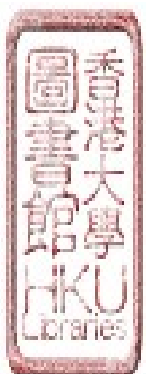
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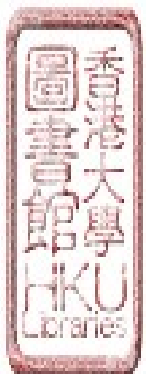
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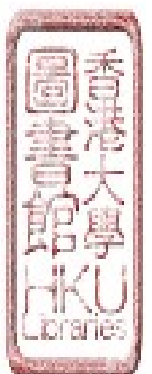
We would also like to take this opportunity to thank the lecturers and staff members of the Master of Public Administration, as well as our families, classmates, and colleagues for their support over the past two years.



## **Abstract**

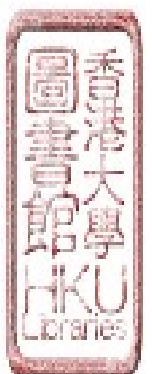
Poverty exists in every society, despite the difference in the level of severity. Hong Kong is no exception. Poverty has existed in Hong Kong for years since its colonial era, and regrettably, the poverty problem in Hong Kong is deepening in recent years despite its economic growth. Poverty is not a problem only affecting the livelihood of the lower social strata. The social issues brought about, to name but a few, proposal on universal retirement protection, legislation of statutory minimum wage and regulation of subdivided flats, all stir up heated debates in the community as a whole. The public outcry against the government's incompetence in coping with the poverty coupled with the grievance against the business sector's profit maximisation mentality diminished the public trust in the government and triggered their deep hatred towards the better-off. The government's failure in combating poverty decisively can turn out to be a governance crisis.

While quite a number of measures were already put in place in alleviating poverty, those measures are systematic and standardised in nature and seem to be inadequate to address the dynamic and multi-faceted poverty

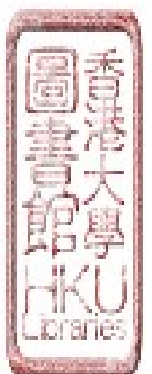


problems in Hong Kong. The “sweeteners” delivered by the government in its recent Budgets were far from meeting the expectations of society and reflected the government’s lack of determination and planning in resolving the problem. With the ever-rising public expectations on a comprehensive social welfare system under the constraints of fiscal resources, what is the government’s possible way forward in getting out of this dilemma?

In this context, the project looks into why and how the government set up the Community Care Fund as a measure to combat poverty. An analytical framework, which consists of Kingdon’s three streams analysis and Elmore’s categorisation of policy tools, is established to structure, guide and inform the analysis. While Kingdon’s model is used to analyse the policy dynamics on how the Community Care Fund reached the top of the government’s policy agenda through the coupling of the problem, policy and political streams, Elmore’s classification helps to understand the attributes of the fund as a policy tool from the dimension of mandate, inducement, capacity building and system changing. The definition of poverty, the overall poverty situation in Hong Kong and the strategies

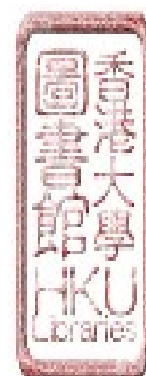


adopted by the HKSAR government in tackling poverty are also examined. In the recommendations, the experience of Singapore in formulating and implementing the ComCare Fund is drawn on in providing some insights for the improvements of the Community Care Fund.



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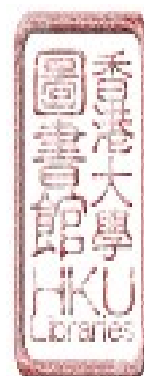
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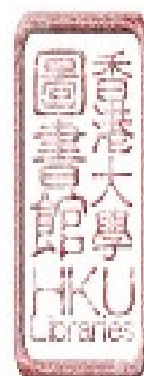
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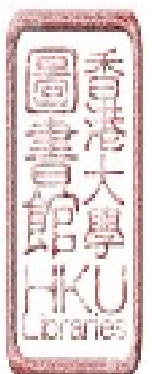
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## Abbreviations

CE	Chief Executive of the Hong Kong SAR
CS	Chief Secretary for Administration of the Hong Kong SAR
CCF	Community Care Fund
CSSA	Comprehensive Social Security Assistance
CoP	Commission on Poverty
CSR	Corporate Social Responsibility
DIA	Disability and Infirmity Allowance
DOAA	Disability and Old Age Allowance
FS	Financial Secretary of the Hong Kong SAR
HKMA	Hong Kong Monetary Authority
HKSAR	Hong Kong Special Administrative Region
LegCo	Legislative Council of the Hong Kong SAR
NGOs	Non-governmental Organizations
PA	Public Assistance Scheme
SSA	Social Security Allowance Scheme
SNA	Special Needs Allowance
SDUs	sub-divided units



# CHAPTER 1: INTRODUCTION

## Focus, Objectives and Background of the Project

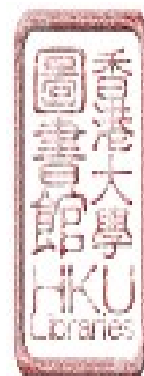
This project addresses the issue of poverty alleviation in Hong Kong through the study of the Community Care Fund (CCF). It focuses on the context in which the idea of the CCF has evolved and how the CCF progressed up the Hong Kong government's policy agenda.

The objectives of this project are to understand the policy-making processes of the government in putting the CCF on its policy agenda by studying the dynamics among the problem, policy and politics, and to ensure appropriate poverty policy actions are manifested in the consideration of the experience of the CCF.

While Hong Kong is a well-known international financial centre with a labour force nearly reaching the full employment level<sup>1</sup>, it could not be immune from the poverty problem. In effect, poverty problem is deep-rooted and has been a perplexing problem for several terms of

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<sup>1</sup> The unemployment rate of Hong Kong for the quarter March – May 2014 is 3.1%, retrieved from the Labour Statistics of Census and Statistical Department on 29 July 2014  
<<http://www.censtatd.gov.hk/hkstat/sub/so30.jsp>>



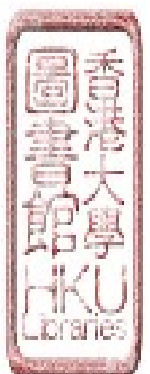
governments. As revealed by the Gini Coefficient, the income disparity in Hong Kong has been widening in recent decades. The Gini Coefficient increased from 0.453 in 1986 to 0.518 in 1996 and reached the record high of 0.537 in 2011<sup>2</sup>. Moreover, according to the Hong Kong Poverty Situation Report 2012, the size of poor population below the official poverty line after the policy intervention involving recurrent cash benefits such as Comprehensive Social Security Assistance, the Old Age Allowance, financial assistance for students, was 1.02 million and the poverty rate was 15.2%<sup>3</sup>.

The poverty problem in Hong Kong is highly complicated. It affects people in different social strata and touches upon a wide variety of social area. Some social phenomena, for instance, the risk of intergenerational poverty, the mushroom of sub-divided units (SDUs) and the emergence of working poverty, have highlighted the deepening of poverty problem. There are strong voices from the public, Legislative Council (LegCo) and non-governmental organizations (NGOs) calling for the government to

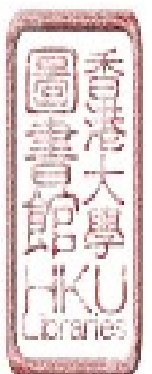
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<sup>2</sup> Information from Half-yearly Economic Report 2012, published by the Hong Kong Special Administrative Region Government, page 86 <[http://www.hkeconomy.gov.hk/en/pdf/er\\_12q2.pdf](http://www.hkeconomy.gov.hk/en/pdf/er_12q2.pdf)>

<sup>3</sup> Executive Summary of the Hong Kong Poverty Situation Report 2012 published by the Hong Kong Special Administrative Region Government <[http://www.povertyrelief.gov.hk/pdf/2012\\_Poverty\\_Situation\\_Eng.pdf](http://www.povertyrelief.gov.hk/pdf/2012_Poverty_Situation_Eng.pdf)>



step up its efforts to poverty alleviation. Indeed, the government has put in place some measures in response, for example, setting up of the statutory minimum wage, reinstatement of Commission on Poverty (CoP) and formulation of the first official poverty line. Moreover, in recent Budgets presented by Financial Secretary (FS), Mr Tsang Chun-wah, the government undertook to give out one-off measures to relieve the pressure, in particular the impact of inflation, on people's livelihood. Nonetheless, these one-off government handouts were often criticised as sweeteners and revealed the government's lack of commitment and planning to tackle the problem in the long term. Even though it has retained a huge amount of fiscal and foreign exchange reserve, the government appears to have reservation when it comes to enlarging the social security net with increase in recurrent expenditure. In the meantime, the populace, who were frustrated by being unable to share the fruits of the prosperity of Hong Kong and the lack of upward mobility of higher social strata, began to question the commercialism of today's society and show hatred towards the rich, the big conglomerates and the land developers for their only-for-profit mentality. The government's reluctance to combat poverty, coupled with the political context against



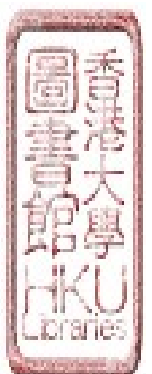
the rich and the hegemony of the land developers, not only contributed to the social upheaval in recent years, but also affected the effectiveness and efficiency of the overall governance and lowered the legitimacy of the government.

Against this background, the government proposed the establishment of the CCF in its 2010-11 Policy Address. Solving the poverty problem is far from easy. It is of interest for the general public to understand the context and the significance in coming up with the CCF in tackling poverty. Moreover, from the experience of the CCF, it is hoped that some insights can be drawn to alleviate the current poverty situation and enhance the social security for the community.

### **Research Questions and Propositions: Theory and Practice**

In order to obtain the objective of this project, the following four research questions are addressed:

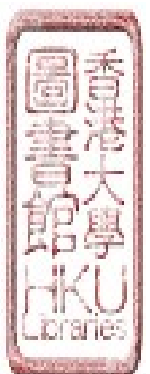
1. What policy processes and action can governments adopt in seeking to alleviate poverty?



2. What policy processes and action has the HKSAR government adopted in dealing with the issue of poverty – and why?
3. Why, and how, did the government establish the CCF as a response to poverty alleviation?
4. In the light of the CCF experience, how might the policy processes and action concerning poverty alleviation in Hong Kong be transformed to enhance their value in, and possibly beyond, the CCF arena?

These four research questions are inter-related. The first research question is analytical and concerns, from a holistic perspective, the poverty alleviation measures available for any governments. The second and third research questions are descriptive and fact-finding. They examine the prevailing measures adopted by the HKSAR government in tackling poverty. The last research question is prescriptive and looks for improvements in the poverty alleviation efforts.

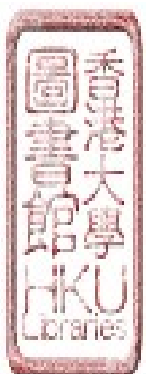
Public issues nowadays are increasingly complicated. No single policy tool is perfect and each of them possesses its strengths and weaknesses.





Therefore, instead of relying on only one particular policy tool, more often, the government makes use of a bundle of policy tools to accomplish its goals. Poverty is a case in point, which the government applies a number of measures in a wide range of aspects, such as social welfare, housing, health care and education, to alleviate poverty. While this project focuses on the CCF, it should not be recognised that the CCF is more advantageous to other poverty alleviation measures. The CCF is only one of the policy tools adopted by the government.

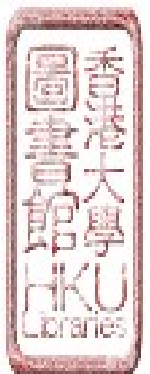
While it seems to be backward-looking to analyse how the CCF reached the top of the government's policy agenda, the experience of the CCF in terms of problem, policy and politics analysis, can give insight to the government in rolling out other policies in future. Moreover, it is hoped that by drawing on the practical experience of ComCare Fund in Singapore, enhancements can be made to the existing CCF in Hong Kong.



## Overview of the Analytical Framework

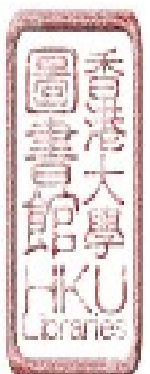
The analytical framework of the project, as laid out in Chapter 2, details relevant theories and concepts in the academic literature. The framework serves as an analytical lens to structure and guide the presentation of empirical research findings and the associated analysis in a systematic manner.

The analytical framework consists of two directly interrelated parts. As aforementioned, the focus of this project is to understand why and how the CCF reached the top of the government's policy agenda. In this connection, Kingdon's (1984) multiple streams analysis is adopted for the discussion. Kingdon's model is a conceptual framework used to understand the factors which affect the government's agenda setting process. The model is composed of three dimensions, namely problem stream, policy stream and politics stream. Problem stream concerns the issues which should receive attention in the community; policy stream refers to the solutions and ideas put forward by different stakeholders; and politics stream regards the perception of the citizens to those problems and solutions. These three streams are relatively independent,



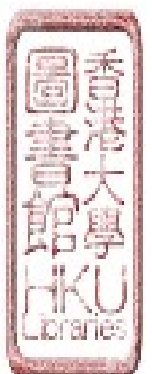
but when they come together, a window of opportunity will open for a policy change.

The second related part of the analytical framework is Elmore's (1987) classification of policy tools. While Kingdon's model analyses the dynamics among problem, policy and politics, Elmore's model serves as the supplement to the analysis of the policy stream. With regard to a problem under a political atmosphere, there is always more than one policy tools listed on the government's policy agenda. In this regard, the selection of policy tools as a matter of choice is also relevant in respect of the reason why the CCF was picked in the pool of policy tools. Elmore's model generalizes policy tools into four generic types, namely, mandate, inducement, capacity building and system changing. In short, mandate refers to rule; inducement refers to incentive; capacity building refers to investment; and system changing refers to transformation. Each type of policy tools possesses its attributes, strengths and weaknesses. Instead of categorising the CCF into one type of policy tools, the Elmore's model provides a framework to analyse the attributes of the CCF.



## **Research Methodology**

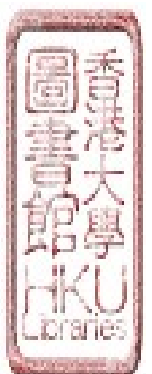
In this project, empirical findings and analysis are primarily based on desktop research. Information and relevant statistical data are mainly gathered from the public domain, in particular, the information released by the HKSAR government which includes the CCF website, website of the Social Welfare Department, press releases, speeches by senior government officials, Policy Addresses, discussion papers of LegCo and the CoP, and the summary of views and suggestions of public consultation activities conducted by the CCF. In formulating the analytical framework for this project, textbook references and academic literature are also made reference to. Websites of the United Nations and the World Bank are also referred to in order to have a comprehensive understanding of the nature of poverty. In preparing for the analysis of the CCF under the analytical framework, consideration is given to newspaper clippings and editorials. The experience of Singapore in formulating the ComCare Fund is looked into for the sake of drawing insights and improvements to the CCF and poverty alleviation measures beyond the CCF arena.



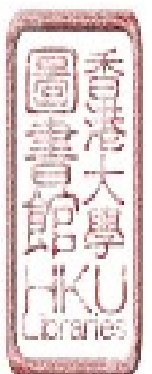
The desktop research approach is considered to be appropriate for this project. The CCF is a relatively new policy tool adopted by the HKSAR government in recent years and relevant background information on the CCF since its establishment, along with its up-to-date development, is readily available on the Internet and is extensive enough for conducting this project.

## **Chapter Outline**

This project report is structured in five chapters. This introductory chapter had illustrated the focus, objectives and the background of the project, set out the research questions and proposition, provided an overview of the analytical framework, and addressed the research methodology. **Chapter 2** establishes the analytical framework of the project to guide and inform the empirical analysis in Chapters 3 and 4. The analytical framework consists of two interrelated parts, one examining the government's agenda setting process, while the other looking into the attributes of policy tools. In **Chapter 3**, the definition of poverty, the possible strategies which can be adopted by a government in tackling poverty and the overall poverty situation in Hong Kong are



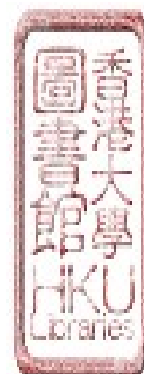
first illustrated, followed by the analysis of the policy dynamics nurturing the formation of the CCF as a means for poverty alleviation. **Chapter 4** gives an account of the background of the CCF. It also addresses the attributes of the CCF from the policy tools perspective and the coupling of the problem, policy and political streams leading to the set up of the CCF. In **Chapter 5**, recommendations, based on the discussions in Chapters 3 and 4, are given to enhance the efficiency of the CCF and the capability of the government in handling poverty. Singapore experience is taken into account in providing possible lessons and insights for improving the Hong Kong arrangements.



## CHAPTER 2: ANALYTICAL FRAMEWORK

### Introduction

This chapter establishes the analytical framework for the project. The framework is composed of two interrelated parts. The first part analyses the government's agenda setting process using Kingdon's (1984) three stream model. The three streams, problem, policy and politics streams under the model are considered, with the elaboration of the dynamics of how these three streams coupled together to open a policy window. The second part of the framework considers Elmore's (1987) categorisation of policy tools. Key concepts such as the definition of policy tools and the four generic types of categorisation, namely mandate, inducement, capacity building and system changing are set forth. While Kingdon's model concerns the three dimensions affecting the government in its agenda setting, Elmore's model focuses on the generic nature of policy tools up the government's sleeve to deal with public issues. The two models are threaded and interlocked. Elmore's classification is incorporated to supplement the analysis of policy stream under Kingdon's



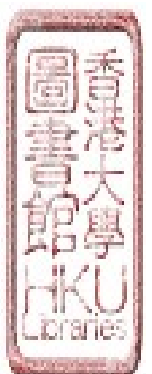
model with a view to understanding the considerations of the government in selecting one policy tool over the others when confronted with a social problem in a political context.

## **Kingdon's Three Streams Model**

### *An Overview of Policy Processes*

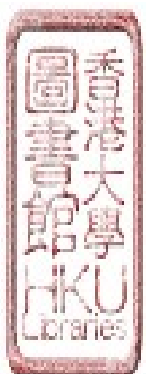
Kingdon's (1984) three streams model presents a set of processes focusing on the agenda setting in the policy process, where the problems, policy and political streams are three major dimensions of a public issue affect the setting of agenda in the government. This three streams model provides the broad conceptual basis for the exploration and explanation of the establishment of the CCF as a response to the poverty problem in 2010-11.

Policy processes are a complex set of interactions among hundreds of political actors, who have different values, interests, perceptions of the situation and policy preferences, over a fairly long time span (Howlett & Ramesh, 1995). The stage approach , also known as the policy cycle



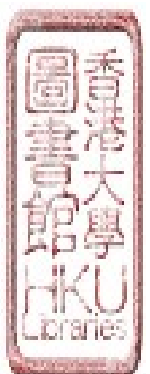


perspective/framework or the textbook approach since it is the most common way to organise the study of policy making and introduces a discussion of policy theories (Cairney, 2012). It was established to divide the complex policy process into discrete stages. Although it is not viewed as a causal model because it does not identify a set of causal variables, which govern the process within each and across stages, and is criticised for not providing a clear basis for empirical hypothesis testing and not taken into account the political dynamics of the policy process (Sabatier & Jenkins-Smith, 1993), the stage approach provides a systematic framework to describe the process of policy actions and interactions in an iterative cycle starting from policymakers beginning to identify a policy problem, formulating policies to solve the problem, selecting and legitimating the policy measures, implementing the policy, to policy outcome being evaluated after implementation. The earliest literature introducing the conception of the policy cycle was the seven prescriptive steps in policy making of Lasswell (1956) intelligence, promotion, prescription, invocation, application, termination and appraisal. Jones (1970) defined the stages as: defining the problem, setting the government's agenda, formulating proposals, having a programme or



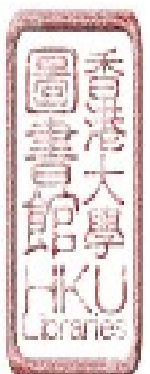
coherent set of proposals legitimated by the legislature, assigning a budget, implementing and evaluating policy. Similar lists of stages were proposed by later literatures. Some of which grouped the problem definition and agenda setting into the first stage.

Agenda setting is “the process by which problems come to the attention of governments” (Howlett & Ramesh, 2003: 13). It describes “an ongoing competition among issue proponents to gain the attention of media professionals, the public, and policy elites” (Dearing & Rogers, 1996: 6). In the agenda setting stage, problems that require government attention are identified, issues that deserve the most attention are decided, and the nature of the problem is defined. Agenda is the list of problems or subjects to which policymakers and people which close association with them are paying serious attention at a given time. Policy problems (i.e. policy issues to be solved) that are getting governmental attention are listed in the governmental agenda, and those which are treated as most important or most immediate to be addressed would be put on the top of the policy agenda / decision agenda for an active decision. However, not all policy problems could reach the top of the policy agenda, and while

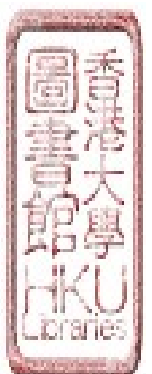


there are numerous number of solutions to those policy problems, not all solutions would be considered. Thus, agenda setting literature emphasises on studying the levels of attention to particular policy issues from the public, government and media, and the causes leading to the rise and fall of attention.

Kingdon's (1984) three streams model was inspired by the garbage can model (Cohen et al., 1972) which suggested the concept of organised anarchy that is a polar opposite to the ideal assumption of rationality. Comprehensive rationality is an ideal type of decision making in which policymakers are rational actors who would translate their values and preferences into policy after a comprehensive study of all the information, choices available and their effects. It is also assumed that the policymakers are utility maximisers, have perfect information on hand and the ability to make decisions based on their fixed set of preferences, which can be ranked in order of importance. Simon (1976) introduced a more realistic model of bounded rationality, which identifies the factors that undermine comprehensive rationality. The factors include the incomplete information, limited ability of the policymakers to make



policy decision and unclear objectives. The conception of bounded rationality highlighted the limitations of human rationality and underpinned Lindblom's (1979) incrementalism, which criticized the comprehensive rationality as descriptively inaccurate and prescriptively inadequate and provided a reasonable description of what bureaucracy does. The garbage can model further challenged the linearity assumption of comprehensive rationality. It proposed that the three processes – problem definition, solution, and choice – act independently and have unpredictable and complicated relationship. Instead of following a linear and chronological order, the process starts with solutions that were already formulated chasing problems, and then policymakers selecting a solution to a problem. It introduced the concept of organized anarchy which suggests that organizations do not make decision based on clearly defined and shared objectives and without clear process. Since time is limited and attention of each participant to each relevant factor is not even, not all relevant factors are considered to form a comprehensive analysis for decision making. Preferences are contradictory and difficult to be ranked, and their identification is merely based on “trial and error”. The “garbage can” is a metaphor for a container into which the problems

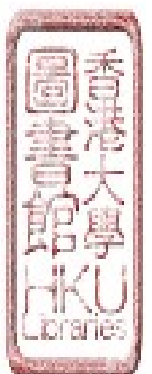


and solutions are dumped.

Kingdon's three streams model suggests that a policy process is accidental and unpredictable when (1) the government and policy makers have limited cognitive abilities, (2) people move in and out of the policy process, (3) people in a coalition have different goals, and (4) people create problems to justify their policy desire. The three streams – problem stream, policy stream and political stream – represent the necessities of the government policy making process. A policy window opens, the policy problem rises to the top of the policy agenda and a new policy idea is accepted only when the three streams coupled.

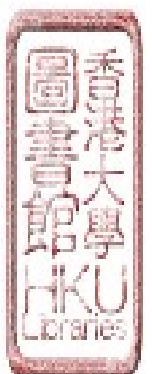
### ***Problem Stream***

A policy issue cannot by itself become a problem until it is deemed to require attention by people with political influence, who recognise that it has to be solved. Since people and organisations, such as politicians and governments, have limited cognitive abilities, they can only afford dealing with those problems that most deserve their attention (Kingdon,



1984: 98-9). This explains why some social problems like poverty exist in society for years, but are only put in the spotlight at some moments.

Problems capture the attention of people through some indicators, focusing events, crises and symbols, and feedback on existing programs (Kingdon, 1984: 90-100). Indicators come from studies conducted on a problem at a given point in time by the government or non-governmental researchers or academics, suggesting that the problem might require governmental attention. The government would then use the indicators to assess the magnitude of a problem and to become aware of changes in the problem (Kingdon, 1984: 90-3). However, it may not be sufficient to get the people in the political field (Kingdon, 1984: 95; 120). A push by a focusing event like a disaster or a crisis or a powerful symbol which catches on is required. To carry a subject to policy agenda prominence, those focusing events need accompaniments such as focus attention on a problem that was already “in the back of people’s mind” (1984: 103). In addition, crisis or disaster may only serve as an early warning. People would really pay attention to and consider it as a problem only when subsequent consideration establishes that there was a widespread

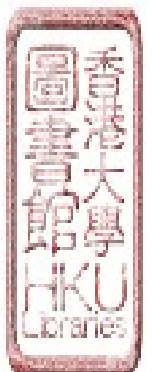


condition. A single focusing event may also not be sufficient to get awareness until a similar event happens again. Finally, feedbacks on the operation of existing programs and complaints can also bring problems to attention (Kingdon, 1984: 100-2).

Even when conditions with a perceptual and interpretive element are defined as problems and politicians believe that they should do something about them, the problems may fade away from the agenda if the government feel that they have solved the problems, they have addressed them by administrative decision, or they failed to solve or even address them (Kingdon, 1984: 103-4).

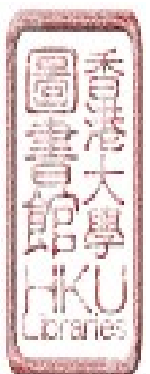
### *Policy Stream*

At different time, different policy proposals are being discussed in and around the Government. They are floating in the “policy primeval soup”, being generated, debated and redrafted for an indefinite period of time before being accepted for serious consideration (Kingdon, 1984: 201-3). Thus, they are considered as “relatively independent” of the problem



stream since solutions may actually be strategies to address a separate aim, and solutions take much more time to develop and refine, while problems rise and fall on the agenda relatively quickly. (Kingdon, 1984: 129-30)

The policy stream is actually a selection process in which a vast amount of possible policy initiatives is short-listed for serious consideration by policy-makers. The list represents an agreement in the policy community that a few proposals in the “soup” are considered as rather prominent. The process has three common elements: (1) there is no reliable way to track the source behind the production of ideas (Kingdon, 1984: 78; 81), (2) the process of proposing new ideas and having them being accepted usually takes a long time (Kingdon, 1984: 134-6), and (3) some criteria can enhance the chance of survival of the proposals, including technical feasibility, value actability within the policy community, tolerable anticipated costs, public acceptability and a reasonable chance for receptivity among elected decision makers (Kingdon, 1984: 131; 123). For the proposals on the short list, a viable alternative available for adoption would increase its chance of being put on a governmental



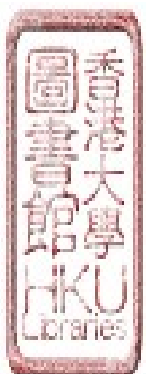


agenda and even a decision agenda. The policy community then starts to accentuate some policy problems over others to maximize the chance for the idea being accepted (Kingdon, 1984: 146). They develop proposals in anticipation of future problems, proponents of the solutions either chase or create policy problems (Kingdon, 1984: 122-4).

### *Political Stream*

Independent of the problem and policy stream, the political stream has its own rules and dynamics. The political stream represents how receptive people perceive certain solutions at particular times. Changes in the political system and major political events, such as swings of community mood, interest group campaigns, change of administration and changes of ideological or partisan distributions in legislature, may cause attention and even receptivity to a particular problem and its solution (Kingdon, 1984: 19).

Different administration has different preference over problems and solutions. Thus, change of administration would definitely shift attention



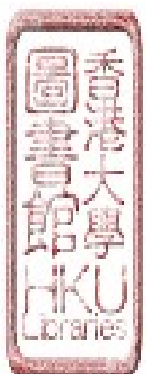
to different set of problems and raising them up to the top of agenda (Kingdon, 1984: 152). Community mood is also a major factor. The policymakers observe interest group opinion, make judgments about how receptive the public is to government policy, and assess the political costs of going against the tide (Kingdon, 1984: 157-8).

The completion between venues - institutions where authoritative decisions are made - would affect the speed of policy issues climbing up to the top of the policy agenda, either accelerating them or depressing them. Through a bargaining process, consensus is built in the political arena (Kingdon, 1984: 165).

The political stream is an important promoter or inhibitor of high agenda status.

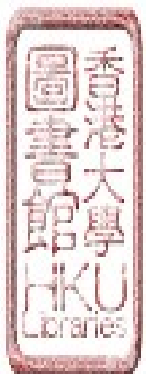
### ***Policy Window and Coupling***

Policy entrepreneurs are advocates who are willing to invest their resources (such as time, money, reputation and energy) to promote a



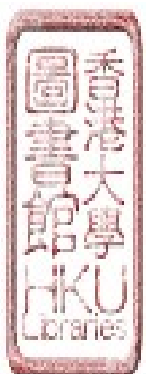
position in return for anticipated future gain in the form of material, purposive or solidary benefits (Kingdon, 1984: 188). They usually have some claim to a hearing, political connections or negotiation skills. They are persistent in their proposals. They “lie in wait in and around government with their solutions at hand, waiting for problems to float by to which they can attach their solutions, waiting for a development in the political stream they can use to their advantage” (Kingdon, 1984: 165-166).

When there is a change in the political stream or a new problem captures the attention of the policymakers and their associates, a policy window opens. The policy window provides the opportunity for advocates of proposals to frame the issues, push attention to their special problems, promote their pet solutions or attach their solutions to the pressing problems (Kingdon, 1984: 174). However, the window is opened unpredictably and does not stay long. The window may close because of participants feeling that they have solved the problem or failing to get action, change of personnel, the focusing events passed, or no available alternative (Kingdon, 1984: 177-8). Thus, advocates of proposals would



seize opportunity and rush to take advantage of it when the policy window opens.

Problems or politics could structure the governmental agenda by themselves. However, none of the three streams are sufficient to place an item on the decision agenda firmly by themselves. Only when the three streams couple, the probability of an item rising on the decision agenda is dramatically increased (Kingdon, 1984: 19). When coupling occurs, solutions are hooked to problems, proposals are hooked to political momentum, and political events are hooked to policy problems. “Separate streams come together at critical times. A problem is recognized, a solution is developed and available in the policy community, a political change makes it the right time for policy change, and political constraints are not severe” (Kingdon, 1984: 174). Each of them acts as an impetus to policy change. However, the final outcome is still unpredictable, depending on factors such as the availability of solutions to problem, the ability of the public to remain involved, and the spirit of compromise in the political stream (Kingdon, 1984: 186).

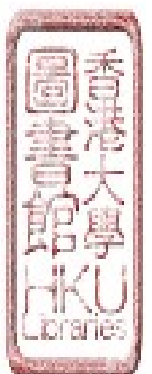


One of the streams in Kingdon's multiple streams analysis illustrated above is the policies streams. In short, policies are formulated by a government, in collaboration with private sectors and non-governmental organizations, so as to deal with a social problem under a political context. In the course of implementation of policies and achieving the policy objectives, a government always needs to apply some policy tools.

## **Elmore's Categorisation of Policy Tools**

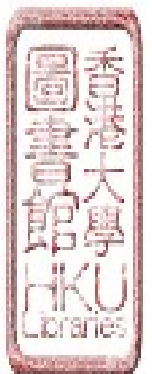
### **An Overview of Policy Tools**

In academic literature, there are quite a number of terms to describe the means by which the government utilises to produce desirable social outcomes. The terms, which are commonly used, include "tools", "instruments", "measures" and "interventions" (Freiberg, 2010: 82). For the sake of consistency, the term "policy tools" is used in the ensuing paragraphs.



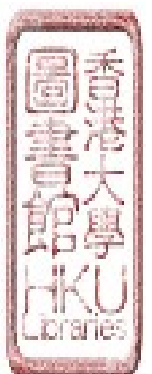
Understanding the meaning of “policy tools” is fruitful to our discussion. Different scholars have made attempts in coming up with a definition on the term “policy tools”. Salamon (2002: 19) defined a policy tool as “an identifiable method through which collective action is structured to address a public problem”, while Elmore (1987: 175) defined a policy tool as “an authoritative choice of means to accomplish a purpose”. Moreover, Gunningham and Grabosky (1998: 37) mentioned policy tools are “employed by institutions to do what they wish to do”, and Landry and Varone (2005: 107-108) deemed policy tools as “a means of intervention by which governments attempt to induce individuals and groups to make decisions and take actions compatible with public policies”.

Policy tools have multiple facets and embrace a bundle of attributes (Salamon, 2002). First of all, policy tools can be referred to a type of good or activity (e.g. cash handouts, public housing), a delivery vehicle for such a good or activity (e.g. redistribution of wealth through a tax system), a delivery system comprising of a set of organisations in



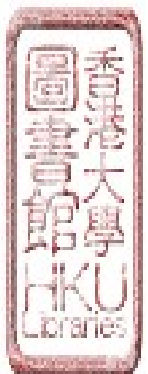
delivering the good or activity (e.g. a government agency or a non-profit organisation) and a set of rules defining the relationships among the entities comprising the delivery system. Second, in evaluating which policy tool to adopt, it is always useful to consider the dimensions of policy tool, such as effectiveness, efficiency, equity, manageability and political legitimacy (Salamon, 2002). Since each policy tool has its operating characteristics, strengths and weaknesses, one policy tool may be more suitable in handling certain problems and achieving certain objectives than another. Besides, social issues and problems are much more complicated than before. In this connection, policy tools are seldom implemented on its own, but packaged as a combination of tools to formulate strategies to tackle public problems, with some tools playing a “leading” role and others in a “following” role (Elmore, 1987: 175).

The task of matching the right policy tools to social problems is never easy (Freiberg, 2010). In addition to the operating characteristics of the tools per se, the political context under which the tools are applied is also relevant. Policy tools are not politically neutral and the selection of policy tools to tackle social issues is inherently political (Peters, 2002:



552). The selection of one policy tool over another will generate political activities and create political consequences.

In the literature, there are a number of classifications for the policy tools. For example, Hood classified policy tools into “nodality, treasure, authority and organisation” (Hood, 1983: 4-6) based on the type of resources required to change people’s behaviour while Vedung, from the perspective of degree of coercion that involves, classified policy tools as “carrots, sticks and sermons” (Vedung, 1998). More recently, Freiberg categorized policy tools into six broad forms of power exercised by the government, namely, economic regulation, transactional regulation, authorization, structural regulation, informational regulation and legal regulation (Freiberg, 2010). Furthermore, based on the strategies of interventions, Elmore classifies policy tools into four major classes, namely mandates, inducements, capacity-building and system-changing (Elmore, 1987). The classification of policy tools is not universal. While different classifications concentrated on different dimensions and purposes, they are inter-related and complementary to one another. In view that Elmore’s classification of policy tools focuses on the means of



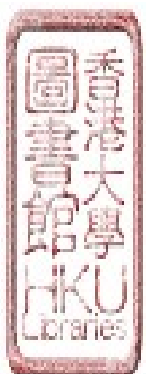


intervention adopted by the government in tackling poverty and the four types of intervention categorized (i.e mandates, inducements, capacity-building and system-changing) are all-embracing in that they obtain the features of classifications proposed by other scholars.

### *Mandates*

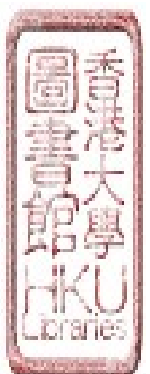
Mandates are common in every jurisdiction. Every government has to perform its governing role with some form of mandates. The term “mandates” is often associated with “command and control”, “coercion” and “regulation”. According to the definition provided by Oxford dictionary, mandates mean “an official order or commission to do something”. As defined by Elmore (1987), mandates are “rules governing the behaviour of individuals and agencies, and are intended to produce compliance”. Mandates, under Elmore’s classification, are in parallel with “authority” (Hood, 1983), “sticks” (Vedung, 1998), “authorisation” and “legal regulation” (Freiberg, 2010).

Mandates assume that certain forms of prescription, to name but a few,



the top-down command and order, legislation and enforcement, are necessary in order to regulate the behaviour of people and organisations in society and achieve compliance. Without the existence of mandates, some desirable social behaviour simply would not happen, or would not occur as frequently as expected. Another assumption for mandates to be workable is that mandates are expressed clearly and well understood by citizens so that citizens are prepared to comply with the requirements stipulated.

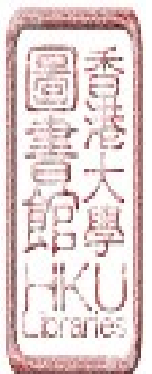
Governments often use mandates as a means to create uniformity and to set a minimum standard for behaviour and activities in society. In this regard, the effectiveness of mandates is dependent on whether the community as a whole has a common and agreed understanding of the standard to be applied. Setting a standard is not an easy task. Drawing from the experience in Hong Kong in setting the statutory minimum wage and the poverty line, different stakeholders often have different points of view and as a result, it raised a lot of controversy in the course of setting the standard.



Mandates have some drawbacks. First of all, while mandates are applied to citizens uniformly and involuntarily, mandates may not be flexible enough to cater for unique circumstances. Second, conflicts may arise in the implementation of the mandates, which may affect the relationship between the government and citizens. Third, enforcement of the mandates may be costly.

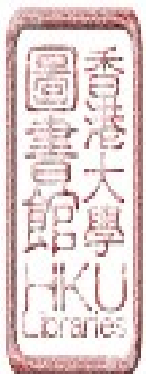
### ***Inducements***

In accordance with Oxford Dictionary, inducement means “a thing that persuades or leads someone to do something”. Elmore (1987: 175) defines inducement as “conditional transfers of money to individuals and agencies in return for the short-term performance of certain actions”. From Elmore’s point of view, inducement is “a form of procurement” where the conditional transfers of money are in exchange for the some goods and services. Similar to mandates, inducement may refer to policy tools under classification by other scholars, such as “treasure” (Hood, 1983), “carrot” (Vedung, 1998), “economic tools” and “transactional tools” (Freiberg, 2010).



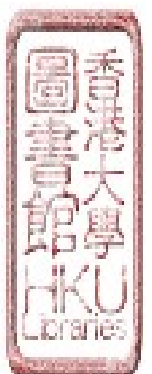
Inducement assumes that one would not produce a desirable outcome, or would not produce the outcome at a desired frequency, unless an incentive is provided. While Elmore (1987) refers inducement as “conditional transfer of money”, in a broader sense, inducement includes both monetary and non-monetary incentives. Examples of monetary incentives include grants, loans guarantee, tax credits and rebates, and subsidies while non-monetary incentives include recognition of outstanding achievements (e.g. medals of honors and the Chief Executive’s Commendation), relaxation of licensing requirements, and infrastructural support.

Unlike mandates where citizens have no choice but to obey the statutory requirements imposed, inducement, in nature, is symmetric in the sense that the status of government and citizens are more equal. While the government can introduce incentive inducing or leading people to perform in a particular way, it is at the discretion of citizens to decide whether to accept the incentive and take the corresponding action or not.



There are some disadvantages in using inducement as a means of policy intervention. First, it is hard to determine the level of inducement which is sufficiently appealing to attract people to change their behaviour. Take subsidy as an example. If the amount of subsidy is too little, the target recipient of subsidy would simply forgo the inducement. On the other hand, if the level of subsidy is too high, it may cause a significant financial burden on the government. Another deficiency of inducement is that a certain extent of variability is unavoidable. Target recipients differ in their capacity and objectives, and therefore they will respond and perform differently when the inducement is put in place.

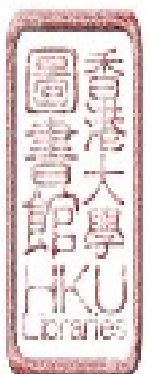
Inducement is granted only when certain criteria or conditions are fulfilled. To guard against any inappropriate use of the inducement, certain rules and regulations are frequently applied to ensure the satisfaction of those prerequisite criteria or conditions. In this connection, when considering the suitability of inducement as a policy intervention, along with the potential desirable outcome, the associated cost in administering the inducement should also be taken into account.



## *Capacity Building*

As defined by Elmore (1987: 175), capacity building is “the conditional transfer of money to individuals or agencies for the purpose of investment in future material, intellectual, or human resources”. Capacity building can be referred to “organisation” (the setting up of governmental bodies) (Hood, 1983), “sermons” (information) (Vedung, 1998), and “structural regulation” (manipulation of physical environment) and “informational regulation” (accessibility of information) (Freiberg, 2010: 84). There are quite a number of areas to which the government devotes resources for the benefit of the future, such as education, technology, infrastructure and social security.

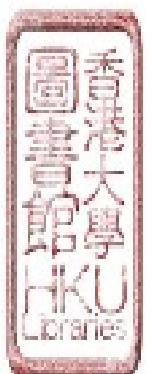
While it seems beneficial and advantageous to invest for the future, in reality, there is a trade-off between enjoyment of short-term benefits and the building up of future capacity. Capacity building involves costs and sacrifice of short-term benefits. However, mobilization of current resources for investment in the future does not guarantee that the investment will be paid off. As mentioned by Elmore (1987: 178), the



return to be obtained from investing the future is often “uncertain, intangible and immeasurable”. Policy tools with the purpose of building capacity may be confronted with public resistance when citizens have to bear the cost and loss of benefits now and consider that the return is distant and unclear. Moreover, when policymakers have a stronger preference in producing their desirable outcome within a short timeframe, they may prefer using “mandates” and “inducement” over “capacity building”. “Mandates” and “inducements”, in comparison, have the advantages in bringing about expected change of behaviour in a short period of time by setting out the requirements and offering the incentives.

### *System Changing*

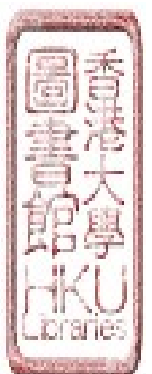
System changing is the “transfer of authority among individuals and agencies in order to alter the system by which public goods and services are delivered” (Elmore, 1987: 175). The authority to intervene the social behaviour is usually vested in the government. In the illustration above, mandates, inducements and capacity building are often initiated and directed by the government, and when once adopted, all citizens and



organizations are obliged to follow the policy tools. It is assumed that the government, being the administrator for society, is fully acquainted with what is the best for the community and by stepping in, it can solve social problems and redress the market imperfections.

Unlike mandates, inducements and capacity building where the authority is centralized in the government, system changing is to innovate and revamp the existing and established system in delivering goods and services by empowering policy actors and allowing them to determine the solution to social problems. Innovation and creativity are often part and parcel in changing the system.

System changing often provides new ideas to solve social problems. In changing the distribution of authority, new institutional arrangements, which involve a new set of mandate, inducement and capacity building, are evolved. However, changing the system is far from easy, especially when the interest of existing stakeholders is affected. How to overcome the opposition and resistance in the course of formulating system changing instruments is essential for the attempt to alter the system to be



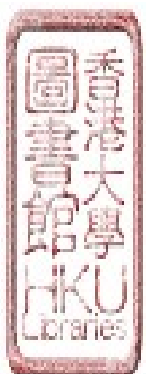


successful.

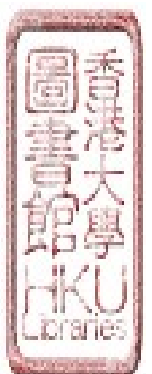
## **Concluding Comments**

This chapter sets out the analytical framework for the subsequent analysis on why and how the government established the CCF in coping with the poverty issue. The analytical framework is comprised of two interrelated models in the academic literature: Kingdon's three streams model and Elmore's categorisation of policy tools. While Kingdon's three streams model addresses the three aspects, which are problems, policies and politics, affecting the policy making process of the government, Elmore's classification lays the foundations to examine the attributes of the CCF from the policy tool perspective.

The following chapter, Chapter 3, discusses the essence of poverty, such as the definition of poverty and the strategies which can be adopted by a government in response to poverty alleviation. The overall poverty situation in Hong Kong, the prevailing poverty alleviation strategies adopted by the HKSAR government, as well as the analysis on the policy dynamics nurturing the launch of the CCF are addressed. In Chapter 4, an



overview of the background of the CCF is provided, along with an examination of characteristics of the CCF from the policy tools perspective. The coupling of the problem, policy and political streams leading to the launch of the CCF is also examined. The analytical framework in this Chapter is used to structure and guide the empirical analysis in Chapters 3 and 4.



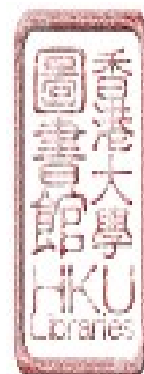
## **CHAPTER 3: POVERTY IN HONG KONG**

### **Introduction**

This chapter begins the discussion by defining “poverty” and describing the possible strategies for governments to alleviate poverty. The poverty situation in Hong Kong is described in a wider context in terms of citizens’ perception on the problem and the poverty alleviation measures the Hong Kong government have introduced so far. Through the analytical lens of problem stream, policy stream and political stream as mentioned in Chapter 2, policy dynamics of Hong Kong in the years before the introduction of CCF was examined, setting out the context for the coupling of the streams and the launch of the CCF which will be discussed in Chapter 4.

### **What is Poverty and What Strategies can Governments Adopt in Response to it?**

It is necessary to understand the definition of poverty in accordance with the international interpretation and the strategies being adopted globally



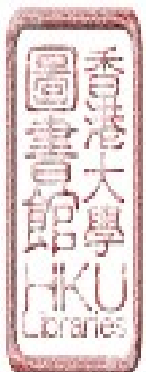
to eradicate it. The universal construal sheds light on how well the policies in Hong Kong had been shaped and how comprehensive they were in handling poverty.

According to the World Bank, poverty is defined into three aspects, namely whether households or individuals have enough resources or abilities today to meet their needs; inequality in the distribution of income, consumption or other attributes across the population; and vulnerability, which means the probability or risk today of being in poverty – or falling deeper into poverty -- in the future<sup>4</sup>.

The World Bank undertakes five strategies in reducing poverty worldwide. Firstly, it is to understand how to measure poverty. It is essential to understand which poverty reduction strategies work in order to create better policies to reach the poor and most vulnerable in each country. Poverty measurement helps governments to gauge programme effectiveness and guide their development strategies in a rapidly changing economic environment. And this includes improving on household

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<sup>4</sup> The World Bank Website, "Poverty Overview", 2014, 20th May 2014, <<http://www.worldbank.org/en/topic/poverty/overview#2>>



surveys and survey methodology to generate more reliable statistics to allow for more responsive policymaking<sup>5</sup>.

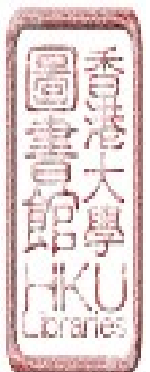
Secondly, it is to diminish inequality and promote shared prosperity in the locality. Concerns about high or growing gaps in incomes are rising, differences in access to education, health services, basic infrastructure and job opportunities are urgent development challenges around the world. On the other hand, birthplace, gender and parents continue to determine what opportunities people may have in life. It is therefore useful to map out trends in inequality and to examine how public policies can solve the phenomenon<sup>6</sup>.

Thirdly, it is related to developing evidence-based public policy to develop tools to plan, monitor and evaluate public policies in eliminating poverty. Governments have concerns over how to develop monitoring and evaluation systems to track whether policies are benefiting the poor as intended and public resources are being used well. It is therefore

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<sup>5</sup> The World Bank Website, "Poverty Overview", 2014, 20th May 2014, <<http://www.worldbank.org/en/topic/poverty/overview#2>>

<sup>6</sup> The World Bank Website, "Poverty Overview", 2014, 20th May 2014, <<http://www.worldbank.org/en/topic/poverty/overview#2>>



important to improve the capacity of statistical offices and government agencies for data collection and analysis to improve government systems and accountability<sup>7</sup>.

Fourthly, it is to create access to more and better job opportunities which offer the most potent way out from poverty. The provision of jobs and increase in wages include providing employment training initiatives, credit services, and small business development initiatives, and to assist governments in reforming and strengthening labour protection laws, enabling the working group to attain reasonable standards of living through employment<sup>8</sup>.

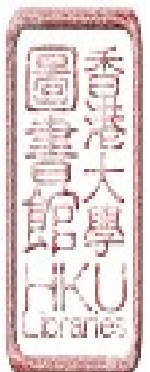
Lastly, it is also important to understand how to deal with shocks and vulnerabilities, in particular when natural disasters and economic recession occur, as the poor tend to suffer the most when disasters struck.

For some countries, for example Japan and Philippines, which are often visited by earthquakes and typhoons respectively, it is worthwhile

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<sup>7</sup> The World Bank Website, "Poverty Overview", 2014, 20th May 2014, <<http://www.worldbank.org/en/topic/poverty/overview#2>>

<sup>8</sup> The World Bank Website, "Poverty Overview", 2014, 20th May 2014, <<http://www.worldbank.org/en/topic/poverty/overview#2>>



studying how climate change-related events affect human welfare, and what coping mechanisms and public policies can help vulnerable populations to deal with shocks<sup>9</sup>.

### **How do the Hong Kong People perceive Poverty?**

In the colonial era, the Hong Kong government denied the existence of the problem of poverty in Hong Kong and local residents believe poverty should be dealt with by way of self-reliance and not by the government<sup>10</sup>.

Until the 1990s, when the public started to realise the widening income gap and rise of cost of living could not be dealt with by relying on themselves, they became aware that poverty was a problem and the government should intervene, especially when the Asian Financial Crisis hit the city and many suffered a substantial drop in their income<sup>11</sup>.

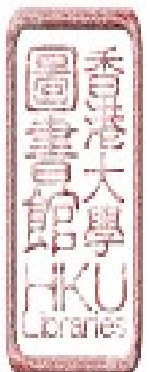
As for now, the growing influence of the social media results in the quick

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<sup>9</sup> The World Bank Website, "Poverty Overview", 2014, 20th May 2014, <<http://www.worldbank.org/en/topic/poverty/overview#2>>

<sup>10</sup> Wong Hung, 2007, "Misled Intervention by a Misplaced Diagnosis: The HKSAR Government's Policies for Alleviating Poverty and Social Exclusion", *The China Review*, Vol. 7, No.2 (Autumn 2007), 123-147

<sup>11</sup> Wong Hung, 2007, "Misled Intervention by a Misplaced Diagnosis: The HKSAR Government's Policies for Alleviating Poverty and Social Exclusion", *The China Review*, Vol. 7, No.2 (Autumn 2007), 123-147



and widespread dissemination of information and the living conditions of the poor. The community shows empathy towards them and seeks to pressurise the government to formulate poverty alleviation policies to tackle the problem.

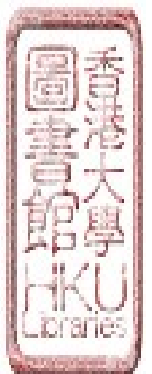
### **Measures Adopted by the Government to Meet the Challenge**

Against the backdrop of the colonial government's reluctance in addressing the problems of poverty, it is well understood why the colonial government had only relied on maintaining a social security net in providing the poor with the basis for subsistence, and had not been very keen in formulating long term policies to eradicating poverty.

Back in 1948, the Social Welfare Office was established to provide public assistance as emergency relief in kind, not in cash to the poor. The assessment criteria was stringent and the public was not encouraged to apply for it as the society believed it is a Chinese tradition to deal with poverty through familial support, not from the government, and the social welfare system was only established in 1958<sup>12</sup>.

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<sup>12</sup> Chak Kwan Chan, "Social Security Policy in HK: From British Colony to China's Special





Following the white paper on social welfare published in 1965, the first Public Assistance Scheme (PA) was introduced in 1971 as the foundation of the present social welfare system. Nonetheless, the government perceived the scheme as a safety net for the poor, providing only cash to the single parent families, elderly and disabled under a means-test, covering only their essential needs (Midley et al., 1997: 62-72). Two years later, the Disability and Infirmity Allowance (DIA) was introduced in addition to the PA, providing a nonmeans-tested, flat rate and non-contributory cash benefit for the severely disabled and elderly who were aged 75 and above and not residing in residential care institutions<sup>13</sup>.

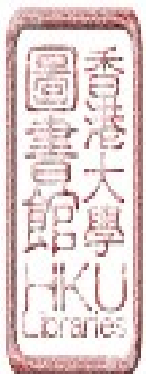
In 1977, the Infirmity Allowance was renamed as the Old Age Allowance and the DIA was replaced by the Disability and Old Age Allowance (DOAA). The government relaxed its application requirements and lowered the qualifying age from 75 to 70, further renaming the DOAA as Special Needs Allowance (SNA) in 1978<sup>14</sup>.

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Administrative Region", (Hong Kong: Lexington Books, 2011)

<sup>13</sup> LEE Vicky, "Benchmarks for Granting Subsidies or Financial Assistance to People in Need in Hong Kong", 2005, 20th May, 2014, <<http://www.legco.gov.hk/yr04-05/english/sec/library/0405rp07e.pdf>>

<sup>14</sup> LEE Vicky, "Benchmarks for Granting Subsidies or Financial Assistance to People in Need in Hong Kong", 2005, 20th May, 2014, <<http://www.legco.gov.hk/yr04-05/english/sec/library/0405rp07e.pdf>>

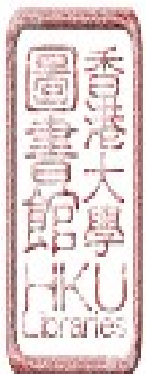


Considering much of the population will retire by the age of 65 and their needs were not covered in the existing allowances, a means-tested Old Age Allowance for age 65-69 was introduced in 1987. A year after, the Higher Disability Allowance was brought up in meeting the financial needs of the severely disabled persons aged 60 and above, whose needs were not catered in any of the government or sub-vented institutions<sup>15</sup>.

In 1993, the PA Scheme was replaced by the Comprehensive Social Security Allowance Scheme (CSSA) and the levels of benefits were increased. The benefits were means-tested and unemployed people who were able to work between 15-59 years of age had to register with the Labour Department to enroll for a job. This scheme provided a range of standard rates for different categories of applicants, for instance for rent, and also other special needs of the applicants (Scott, 2010: 186). Not to mention the replacement of the SNA by the Social Security Allowance Scheme (SSA), a non-contributory and flat-rate subsidy, including the Normal Old Age Allowance, Higher Old Age Allowance for those aged

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<sup>15</sup> LEE Vicky, "Benchmarks for Granting Subsidies or Financial Assistance to People in Need in Hong Kong", 2005, 20th May, 2014, <<http://www.legco.gov.hk/yr04-05/english/sec/library/0405rp07e.pdf>>



70 and above, Normal Disability Allowance and Higher Disability Allowance<sup>16</sup>.

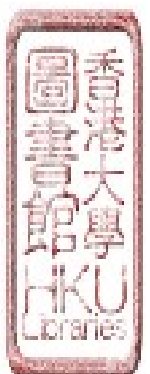
In fact, other than the CSSA and SSA, the government had also put into practice other social security schemes to give assistance to those in crisis. They were the Criminal and Law Enforcement Injuries Compensation Scheme, the Traffic Accident Victims Assistance Scheme and the Emergency Relief. From their titles, they were provided to those who were facing sudden and unforeseeable situations resulting in a loss of income or an increased amount of expenditure. They were provided on a short-term basis and benchmarks for eligible recipients did not exist<sup>17</sup>.

After being hard-hit by the Asian financial crisis in 2003, the then Chief Executive (CE), Tung Chee Wah, established the ever first advisory committee which was the CoP. Poverty became formally recognised as a problem and the government began formulating poverty alleviation strategies to tackle the rising income disparity, unemployment of

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<sup>16</sup> LEE Vicky, "Benchmarks for Granting Subsidies or Financial Assistance to People in Need in Hong Kong", 2005, 20th May, 2014, <<http://www.legco.gov.hk/yr04-05/english/sec/library/0405rp07e.pdf>>

<sup>17</sup> LEE Vicky, "Benchmarks for Granting Subsidies or Financial Assistance to People in Need in Hong Kong", 2005, 20th May, 2014, <<http://www.legco.gov.hk/yr04-05/english/sec/library/0405rp07e.pdf>>



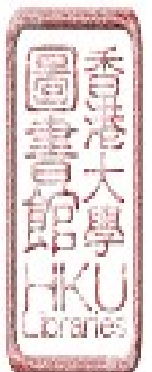
low-skilled workers, intergenerational poverty and elderly living in poverty. After submission of 53 recommendations of poverty alleviation initiatives to the government in 2007, the then CE Donald Tsang had not renewed the members' contracts and the Commission was eventually disbanded in June 2007. Until 2010, Donald Tsang set up the CCF, as a government-business-community attempt, to lessen the poverty problem.

In June 2012, the present CE Leung Chun Ying picked up the issue again and established a preparatory task force in re-establishing the CoP. The CoP was formally reformed in November 2012 for a two-year term, and the HKSAR government published the ever first poverty line in the history of Hong Kong in 2013<sup>18</sup>.

In the CoP, there are six task forces majoring in different areas in poverty. They include Social Security and Retirement Protection Task Force, Education, Employment and Training Task Force, Societal Engagement Task Force, Special Needs Groups Task Force, Community Care Fund Task Force and Social Innovation and Entrepreneurship Development

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<sup>18</sup> HKSAR Government Press Release, "CE Appoints Commission on Poverty", 2012, 20th May 2014, <<http://www.info.gov.hk/gia/general/201211/09/P201211090266.htm>>



Fund Task Force<sup>19</sup>.

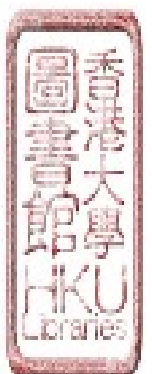
The inclusion of these task forces showed that the HKSAR government put emphasis on measures not only to support the underprivileged, but also to enhance social mobility through education and employment. Collaboration involving government, NGOs, businesses and the community will be increased through the Societal Engagement Task Force and the CCF. Special attention is also given to groups with disabilities, ethnic minorities and single parents in the Special Needs Groups Task Force.

### **Policy Dynamics Nurturing the Launch of the CCF**

A policy rises to the top of the policy agenda for reasons. Dynamics in the community and political arena happened right before the introduction of the CCF can help explain the reasons. Kingdon's three stream model is applied here to illustrate the dynamics in the problem, policy and political streams in the recent years, leading to the CCF.

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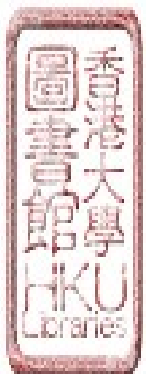
<sup>19</sup> HKSAR Government Press Release, "CE Appoints Commission on Poverty", 2012, 20th May 2014, <<http://www.info.gov.hk/gia/general/201211/09/P201211090266.htm>>



### *Dynamics in the Problem Stream*

Whether a problem is regarded as a problem and how it is defined greatly determine whether it would be handled and how it is solved. Poverty has only been widely regarded as one of the deep-rooted social problems in Hong Kong in recent years and been put on the top of the Government's agenda. Below are the key systematic indicators, focusing events and feedback from the Government officials, LegCo members, associations, media, etc. that helped the poverty problem capture the policymakers' attention.

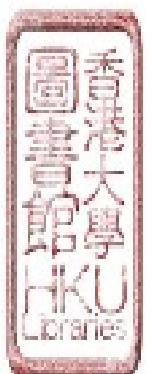
The Hong Kong Council of Social Service estimated that the number of people in poverty was as high as 1.23 millions in the first half year of 2009, increased by 20 thousand people compared with 2008 (Hong Kong Economic Journal, 2009). 17.9% of the population had income below the median level (HK\$3,300 for a one person, HK\$6,750 for two-person family, HK\$9,150 for three; and HK\$12,650 for four). In the first quarter of 2009, 20% of youth (i.e. 176,000 people) were living in poverty, while it was just 15.4% (i.e. 144,000 people) in 2008. A record high number of



8600 youths of age 15-24, which was three times more than 2008, were unemployed (The Standard, 2009a). The unemployment rate of youth and elderly was significant. While Hong Kong migrated to a knowledge-based economy, those workforces with low skill or low education could not find a job easily. They could not benefit from the economic recovery from the financial tsunami. Aging population also worsened the poverty situation in Hong Kong.

The rich-poor gap widened over the years. Hong Kong was transforming to an M-shaped society, which is polarized with the extreme rich and extreme poor.

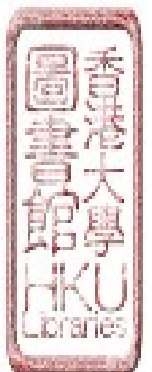
According to UN-HABITAT (2008), the Gini Coefficient of Hong Kong was 0.53, which was the highest in Asia and was well above the alerting level at 0.4 (Hong Kong Economic Journal, 2009). Based on the United Nations' 2009 Gini Coefficient report, Business Weekly found that income inequality of Hong Kong was the most serious among 27 developed economies (Apple Daily, 2009).



Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong published a survey result on August 5 2010 showed that citizens regarded “wealth gap” as the “social problem that requires the most immediate handling”.

During 1997-2000, the Government defined the poverty problem as an unemployment problem and hence it tried to solve the problem by increasing the employment rate. However, later studies found that increasing employment could not help to solve the problem. The phenomenon of “working poor household” became more significant to society. According to Oxfam (2011), the number of people living in poor working households expanded by 8.1% from 608,900 to 658,100 from 2003 to 2011. The capital failed to transfer through the tunnel from the top in society to the grassroots.

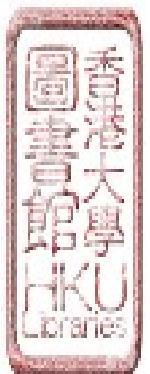
In addition, even though those employed households joined the workforce to support their own living instead of relying on social security assistance, their living condition was even worse than the CSSA level (Oxfam, 2011).





High property price and increasing prices of consumer goods and services made the living of the citizens difficult. According to the Consumer Satisfaction Index (CSI) survey conducted by Department of Management Science, City University of Hong Kong, in 2009, the CSI of housing was just 67.5, the lowest among the six categories of goods and services (Ming Pao, 2010a). According to the survey conducted by the Hong Kong Federation of Trade Unions, around 20% of the 756 respondents contributed more than 40% of their total household income to monthly housing expenses (including rent or mortgage), becoming “House Slave”. 73% of them indicated that the housing expenditure affected their other personal planning for further education, marriage, giving birth and retirement. 80% of them thought that the property price had reached an unaffordable level (Wen Wei Po, 2010). Comparing with the flats in urban areas in Singapore, the property price of flats in remote areas in Hong Kong was still two to three times higher (Ming Pao, 2010b).

Driven by the high property price, the rental also increased drastically



since flat owners raised the rent or sold the flat for a high return, leading to fewer supply. The average rental of private housing increased by 27% to HK\$18 per square feet in 2009 (Ming Pao, 2010c).

In order to combat the high property price, the government introduced nine enhancement measures put forward by the Financial Secretary, 12 enhancement measures on regulating show flats were also introduced by the Secretary for Transport and Housing (collectively referred to as 「九招十二式」) (Legislative Council Secretariat, 2010). However, the measures are non-legal binding, and merely request the property developers to be self-disciplined. The issue of high property price could not been resolved.

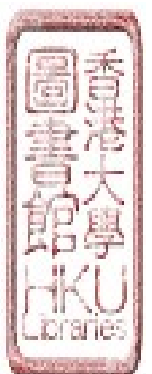


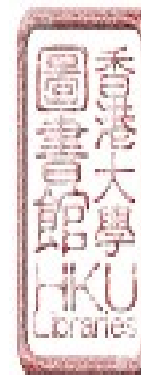
Table 1: Private Domestic - Average Prices by Class

*Private Domestic - Average Prices by Class*

( \$ / m<sup>2</sup> )

Year	A Less than 40 m <sup>2</sup>			B 40 m <sup>2</sup> to 69.9 m <sup>2</sup>			C 70 m <sup>2</sup> to 99.9 m <sup>2</sup>			D 100 m <sup>2</sup> to 159.9 m <sup>2</sup>			E 160 m <sup>2</sup> or above		
	Hong Kong	Kowloon	New Territories	Hong Kong	Kowloon	New Territories	Hong Kong	Kowloon	New Territories	Hong Kong	Kowloon	New Territories	Hong Kong	Kowloon	New Territories
1999	41 861	35 471	35 735	49 287	37 095	35 042	60 751	43 952	41 192	65 659	50 325	47 353	77 537	71 226	47 514
2000	35 975	30 990	31 444	43 656	31 711	31 358	54 957	38 515	37 324	63 194	46 639	41 389	80 222	70 992	44 589
2001	31 922	26 560	27 883	38 783	28 317	27 841	49 358	33 792	32 685	56 904	40 968	34 812	70 312	58 686	35 676
2002	29 012	23 324	24 455	34 177	24 722	24 646	42 116	30 654	29 522	51 801	37 582	31 953	65 725	49 840	35 326
2003	25 746	20 867	20 843	30 497	22 020	21 317	40 375	28 143	26 743	48 352	34 204	30 500	66 281	55 400	34 461
2004	32 535	25 233	26 611	41 716	33 058	28 023	56 808	46 837	35 698	66 291	62 070	41 912	94 478	75 240	44 483
2005	39 158	29 896	30 529	49 266	38 868	32 684	66 634	56 516	41 584	82 482	73 046	49 987	115 358	96 641	57 151
2006	42 849	30 068	28 929	52 213	38 090	31 185	69 332	57 104	41 549	85 781	75 419	48 590	120 308	99 282	56 098
2007	52 292	36 806	32 514	61 548	47 791	34 220	83 239	76 450	44 721	105 574	95 658	57 145	150 718	129 577	70 215
2008	63 997	42 952	37 705	72 563	53 543	38 255	96 537	83 318	48 727	123 335	102 660	58 875	172 166	137 295	74 113
2009	61 832	44 190	39 215	71 459	55 338	39 468	95 288	85 613	49 189	120 617	101 356	57 554	164 169	145 137	69 225
2010	75 892	55 661	48 206	86 553	69 728	47 127	113 073	107 486	59 190	147 970	133 704	66 379	207 171	165 494	74 706
<b>Increase</b>	<b>81%</b>	<b>57%</b>	<b>35%</b>	<b>76%</b>	<b>88%</b>	<b>34%</b>	<b>86%</b>	<b>145%</b>	<b>44%</b>	<b>125%</b>	<b>166%</b>	<b>40%</b>	<b>167%</b>	<b>132%</b>	<b>57%</b>
<b>Aaverage</b>	<b>58%</b>			<b>66%</b>			<b>91%</b>			<b>110%</b>			<b>119%</b>		

Source: Rating and Valuation Department: [http://www.rvd.gov.hk/en/property\\_market\\_statistics/](http://www.rvd.gov.hk/en/property_market_statistics/)

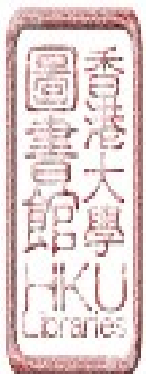


## *Dynamics in the Policy Stream*

One of the common solution to a persistent problem which is difficult to be solved is to use delay tactics by setting up committees for formulate solutions. Concerning poverty, the Commission on Poverty (CoP) was established in 2005.

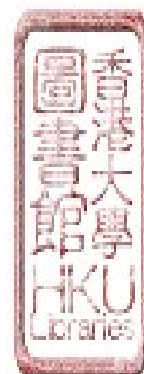
Giving out one-off benefits is a quick win measure. No lengthy legislation processes have to be gone through. Citizens are happy as they can receive the tangible benefits in a near future. One-off benefits, such as tax reduction, utility fee subsidy and giving out cash, were the common “sweeteners” that the government added into the Policy Address or the Financial Budget during the then CE Donald Tsang era (AM730, 2014).

Long-term commitment can guarantee the needy can receive constant assistance. The traditional solution to poverty is to increase the recurrent cash benefits: e.g. Comprehensive Social Security Assistance (CSSA), the Old Age Allowance and financial assistance for students. Some parties



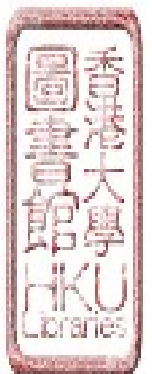
recommended reviewing the CSSA and enlarging the social security network to cover those are not receiving the recurrent cash benefits. Chairman of Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), Mr. TAM Yiu Chung, urged the government to increase the resource to take care of the disadvantaged and have long term commitment, e.g. launching transport subsidy and cancelling the restriction on the duration of staying in Hong Kong for Old Age Allowance (Sing Tao, 2010). Chairman of the Democratic Party of 2010, Mr. HO Chun Yan, requested the government to review the CSSA (Sing Tao, 2010). The social service sector suggested many detailed proposals to address the specific needs of different disadvantaged groups. For example, the Hong Kong Council of Social Service proposed revising the CSSA to fully subsidize the Internet charge for the children in poor family, increasing the maximum amount of rent subsidy and enhancing the measures to support street sleepers (The Hong Kong Council of Social Service, < <http://www.poverty.org.hk/taxonomy/term/36>>).

There were also various proposals raised by different parties in 2008 – 2010 to address the problems of poverty. To help those unemployed and



working poor, the Hong Kong Federation of Trade Unions urged the government to set up the minimum wage and temporary unemployment subsidies (The Standard, 2009b). To avoid the poverty problem being worsened by aging population, political parties suggested setting up universal retirement pension and providing free medical care for the elderly. To lower the property price to make it more affordable, some LegCo members suggested re-activating the Home Ownership Scheme (HOS) (Wen Wei Po, 2010) and increasing the supply of public housing (Oriental Daily, 2010). Democratic Party also proposed to provide more training opportunities to the mentally disabled, medical service to the mentally ill patients, and more publicly-funded first degree places and subsidy to Research & Development so as to prepare the young generation to climb up the social ladder.

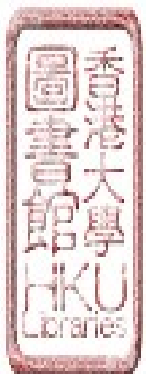
Instead of the old practice of having the government to bear all the financial responsibility to provide social measures to the poor, the government started to encourage the rich to donate and help the poor and have both the government and the business sector to contribute to a fund for social security.



## *Dynamics in the Political Stream*

There was social unrest around 2010 due to economic, social and political issues. Major policy failures, such as the education reform, led to social disappointment and discontent with the government, which had a poor image of being weak and incapable. Policies like the suspension of HOS and sales of shopping malls and car parks of public housing estates to the Link REIT, aroused public suspect on the collusion between business and the government. The public-government trust was weakened. The Electoral Reform “Act Now” in 2010 further ruined the relationship. The reform was criticized as no roadmap, too conservative, failing to resolve the functional constituency problem and delaying the development of democracy.

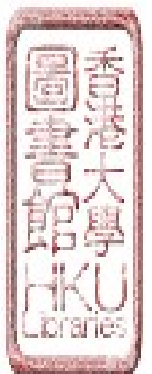
The social activity against the Guangzhou-Shenzhen-Hong Kong Express Rail Link from mid 2009 to early 2010 gave rise to the “Post 80s” and awakened the political awareness of the citizens, leading to more protests and strikes.



While the wealth gap, high property price and monopolization happened, the phenomenon of anti-rich sentiment, anti-business sentiment and the rise of the “Post 80s” accelerate the pressing need for an immediate measure to alleviate poverty.

Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong conducted its bi-yearly survey “Hong Kong Harmonious Society” in 2010 (Hong Kong Institute of Asia-Pacific Studies , 2010).

Only 26.5% out of 1005 respondents thought that Hong Kong was a harmonious society, decreased by more than 10% comparing with the figure (37.5%) two years ago. The harmonious rate was 2.98, which was below the baseline (3), meaning that this was the first time for Hong Kong people regarded Hong Kong as not harmonious. The survey also reflected that the respondents thought that the government failed to cultivate harmony. 56% of the respondents believed that the conflict between citizen and the government was serious / very serious, increased dramatically from 34.6% in 2006 or 31% in 2008. Even more alarmingly, the survey revealed that more people agreed with fierce social confrontation. 25.9% of the respondents agreed with using confrontation

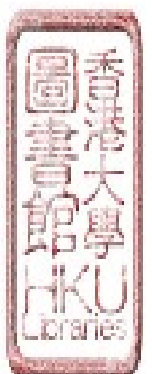




to urge for responses from the government while there was only 21.4% in 2008. According to this proportion, the Associate Director of the Institute estimated that one quarter (1.53 millions) of the Hong Kong people shared the same view.

The government faced pressures from the social bodies and the LegCo to alleviate poverty. The Policy Address 2009, which focused on boosting the economy, was criticized by all political parties as not doing enough to assist the poor (Prime Magazine, 2009). The Chief Executive, Mr. Donald Tsang, was urged to address the wealth gap and unemployment problems (The Standard, 2009b). In 2010, LegCo held a hot debate in alleviating the poverty problem in Hong Kong.

The government also received pressure to solve the “deep-rooted problems”. In early 2010, the Premier, Mr. Wen Jiabao, mentioned for the third time about the “deep-rooted problems” of Hong Kong. The fifth point explicitly mentioned about “improving people’s living”.

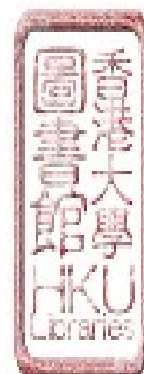


## Concluding Comments

Is poverty a problem? Hong Kong people and the government defined it differently in different period of time, resulting in different policy measures to tackle the problem. As described in this Chapter, the government has continued to increase resources on social welfare to alleviate poverty.

In view of the release of the alarming social indicators and some focusing events leading to social unrest, there were changes in community mood and a raise of policy pressure on the government to solve the “deep-rooted” poverty problem around 2010. In addition, there was the phenomenon of “anti-rich / anti-business sentiment”, which was closely related to the poverty problem.

In the next chapter, the launch of the CCF in 2010 resulting from the coupling of the streams is discussed.

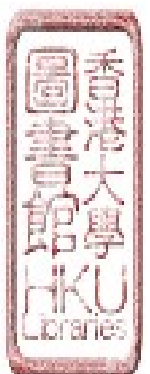


## **Chapter 4: Analysis of the Community Care Fund: Policy**

### **Tool Attributes and Policy Dynamics**

#### **Introduction**

Poverty is recognised as a problem and the government under the political pressure cannot turn a blind eye to poverty and its negative impact on the community. As illustrated in Chapter 3, there are more than one policy tools for the government to adopt in order to alleviate poverty. What makes the CCF as a suitable option climbing up the government's policy agenda? In this chapter, an overview on the background of the CCF is first given. The analytical framework set out in Chapter 2 is then used to structure and guide the analysis of the attributes of the CCF from the policy tool perspective and the policy dynamics for the CCF to reach the top of the government's policy agenda. The analysis in this chapter provides a basis for recommendations on enhancing the CCF in Chapter 5.



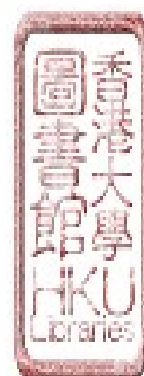
## **The Background of the CCF**

The idea of setting up the CCF was first raised in the 2010-11 Policy Address by the then Chief Executive (CE), Donald Tsang Yam-kuen and the CCF was formally set up in December 2011 under the Secretary for Home Affairs Incorporation Ordinance (Cap 1044). The aim of the CCF was to foster a caring culture in society by encouraging tripartite (government, community and business sector) collaboration in poverty alleviation and to provide assistance to people in need in areas not covered by the current social welfare system. The design of the CCF initially proposed by the government was that the government and the business sector would each contribute \$5 billion for the running of the fund.

At the beginning of the formation of the CCF<sup>20</sup>, a Steering Committee was appointed by the CE and was chaired by the Chief Secretary (CS) for the supervision and overall coordination of the CCF. In the Steering Committee, there were twenty non-official members from commercial,

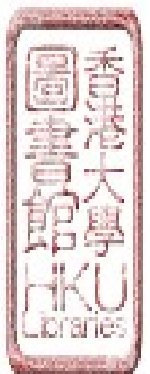
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<sup>20</sup> Discussion Paper on Legislative Council Panel on Home Affairs on Community Care Fund of 14 January, 2011  
< <http://www.legco.gov.hk/yr10-11/english/panels/ha/papers/ha0114cb2-801-1-e.pdf>>



welfare, labour and political sectors and four ex-officio members, who were Secretary of Home Affairs, Education, Labour and Health and Food and Hygiene.

An Executive Committee and four sub-committees, namely Education, Home Affairs, Medical and Welfare Sub-committee were set up under the Steering Committee to facilitate the operation of the fund. The Executive Committee would make recommendations to the Steering Committee on the types of assistance programmes to be funded and handle the management of donation and other administrative matters whilst the other four Sub-committees would deliberate and prioritise assistance programmes under their respective portfolio to be further considered by the Executive Committee prior to the endorsement from the Steering Committee. The Sub-committees would be responsible for implementation of assistance programmes approved by the Steering Committee and monitored their progress. Prior to the reinstatement of the CoP, the CCF served as an independent institution with decision making authority and had the discretion to implement assistance programmes under its arena.

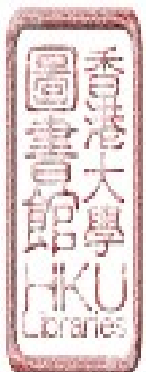


Subsequent to the reinstatement of the CoP in December 2012, the CCF was integrated into the work of CoP in 2013<sup>21</sup>. The CCF Task Force, set up under the CoP, would continue to implement the existing CCF assistance programmes while all Steering Committee, the Executive Committee and Subcommittees were dismissed. Under the revised organisational hierarchy, the decision making authority was no longer vested in the CCF Task Force. Instead, being a recommendation and executive body under CoP, the CCF Task Force would recommend assistance programmes considered to be beneficial for the underprivileged to the CoP for it to decide whether to launch the programmes. The CCF Task Force will monitor the execution of and conduct reviews on the programmes under the direction of the CoP.

When the initiative was first announced in October 2010, the business sector was quite positive and was willing to donate to the fund in order to build a caring culture and diminish the anti-rich sentiment by the community. However, the fund later received was far below the pledged. Until November 2012, the fund has only received \$1.8 billions from the

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<sup>21</sup> Press Release on 21 November, 2012  
< <http://www.info.gov.hk/gia/general/201211/21/P201211210437.htm>>



community, which was far from the \$5 billion expected<sup>22</sup>. On the other hand, the HKSAR government, on top of its initial contribution of \$5 billion and subsequent injection of \$1.5 billion for offering a one-off allowance of \$6,000 to new arrivals, further injected an extra \$15 billion in 2013 to support the operation of the fund. As such, although the fund claimed to be a community-business-government partnership project, the government remained the main contributor. The contribution received from the government and the business sector were served as the seed capital and was invested in Hong Kong Exchange Fund and in bank as fixed deposit to generate investment return and interest income for the sustainability of the fund.

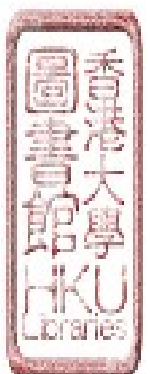
As at June 2014, 27 assistance programmes with a commitment of \$3.517 billion were launched. Four of those programmes were incorporated as regular social assistance programme after review.

### **The CCF as a Tool for Alleviating Poverty**

As discussed in the Chapter 3, poverty has been regarded as a

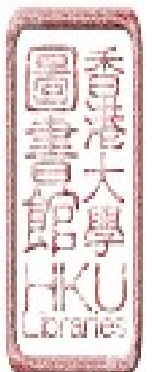
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<sup>22</sup>Financial position of Community Care Fund as at 31 May 2014, Community Care Fund Website, retrieved on 10 Aug 2014.  
< <http://www.communitycarefund.hk/en/finance.asp>>



deep-rooted social problem, which was characterised by widening rich-poor gap, “working-poor household”, and high property price. The resulting social unrest and confrontation not only ruined the social harmony, but also weakened the public-government trust and gave rise to anti-rich and anti-business sentiment. In this context, the HKSAR government proposed the institution of the CCF as a solution to poverty alleviation in its 2010-11 Policy Address. In considering a suitable policy tool in poverty alleviation among different policy options such as giving out one-off benefits, taking up a long-term commitment and collaboration with society, the attributes of the CCF played a role for the CCF to climb up the government’s policy agenda.

In the ensuing paragraphs, the attributes of the CCF, namely, mandate, inducement, capacity building and system changing, are examined in accordance with Elmore’s (1987) classification of policy tools addressed in Chapter 2. The following discussion on the CCF recognises that the CCF has a dual quality. On the one hand, the setting up of the CCF is the outcome of the accessibility of mandate backing, capacity building and system changing initiatives, as well as itself being an inducement for





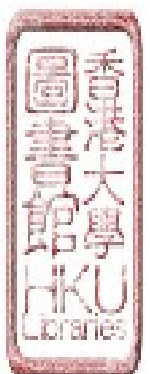
the public and the business sector to contribute to poverty alleviation. On the other, the CCF per se has its mandates, offers inducements, builds up capacity and fosters changes to established systems.

### ***Mandate***

Mandate refers to the rules and regulations governing the operation and organisation of a policy tool. CCF is one of the trust funds established under the Secretary for Home Affairs Incorporation Ordinance (Cap 1044)<sup>23</sup> and its trustee is the Secretary for Home Affairs Incorporated. Other commonly known examples of trust funds under Cap 1044 include Elite Athletes Development Fund, the Cantonese Opera Development Fund and the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas. Utilising the existing legislative procedures, the CCF is set up under Cap 1044 and therefore avoids the cumbersome bureaucratic hurdle and arduous legislative processes in enacting new ordinances specifically for the CCF. With the legal backing from Cap 1044, the CCF is entitled to acquire and accept assets, to deposit and

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<sup>23</sup> Charitable trust funds of Home Affairs Bureau  
<[http://www.hab.gov.hk/en/policy\\_responsibilities/District\\_Community\\_and\\_Public\\_Relations/trustfnd.htm](http://www.hab.gov.hk/en/policy_responsibilities/District_Community_and_Public_Relations/trustfnd.htm)>



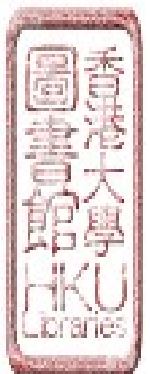
invest the assets, and to utilize the assets under the fund for the purpose of poverty alleviation (Section 3, Cap 1044).

As illustrated in Chapter 3, besides the CCF, there are other poverty alleviation policies implemented by the HKSAR government, for example, the CSSA Scheme, Transport Support Scheme and Old Age Living Allowance. While the CCF is a policy initiated by the HKSAR government, with its major source of funding injected from the public purse, the CCF stands out from other poverty alleviation policies in its flexibility in formulating assistance programmes.

Policies have to pass through the legislative procedures. Under the LegCo, there are three standing committees, which are the Finance Committee, the Public Accounts Committee and the Committee on Members' Interests<sup>24</sup>. Prior to its intention to employ fiscal resources in delivering public services for the following financial year, the HKSAR government has to prepare and submit an annual "Draft Estimates of Expenditure", detailing its expenditure proposals to the Finance Committee for approval.

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<sup>24</sup> "Committees", website of Legislative Council  
<<http://www.legco.gov.hk/general/english/committ/comm1216.htm>>



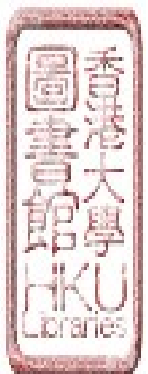
The Finance Committee, consisting of all LegCo members except the President, has its procedures<sup>25</sup> governing its mode of operation. It holds meetings to discuss agenda items relating to the public expenditure proposals. Members of the committee may raise questions on the agenda items and representatives from the relevant bureaux and departments have to provide answers in response to those questions. Members may also move non-binding motions expressing their opinion on any agenda items during the discussion. Matters in the Finance Committee are decided through a voting mechanism. The Finance Committee plays the role of monitoring the work of the HKSAR government by scrutinising its public expenditure.

Since poverty alleviation measures inevitably involve government funds and proposals on public expenditure have to be passed through the Finance Committee, the poverty alleviation measures rolled out by the government are subjected to the scrutiny of the Finance Committee. For example, in response to the questions raised by the Finance Committee Members on the Estimates of Expenditure for the financial year 2014/15<sup>26</sup>,

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<sup>25</sup> "Finance Committee Procedure", website of Legislative Council  
<[http://www.legco.gov.hk/general/english/procedur/fc\\_proce.htm#2](http://www.legco.gov.hk/general/english/procedur/fc_proce.htm#2)>

<sup>26</sup> "Replies to questions raised by Finance Committee Members in examining the Estimates of



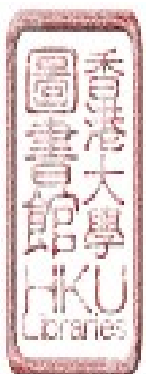
the government has given about 1,000 replies in relation to social welfare, covering issues in the respect of family, elderly, child care, rehabilitation and medical social services.

Moreover, the popularity of filibuster in LegCo in recent years has made it more and more difficult for the government to put forth its policies. Some LegCo members adopt filibuster as a delaying tactic to force the HKSAR government to withdraw a particular proposal or to give a compromise on certain social issues. Recent examples of filibuster include issues concerning universal retirement protection and the development plans of the North East New Territories. It is not difficult to observe that passing a controversial public expenditure proposal through the Finance Committee is far from easy. Even if the proposal is endorsed by the Finance Committee at last, the legislative process can be long and arduous.

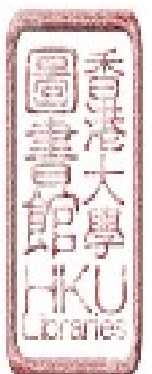
By virtue of its institutional design, the CCF has the flexibility in considering and launching its assistance programmes to the people and

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Expenditure 2014-15”, Website of Social Welfare Department  
<<http://www.swd.gov.hk/doc/finance/FAQBudget14-15/2014-15%20All%20Questions%20and%20Replies%20Sorted%20by%20Reply%20No-en.pdf>>



families in need, and at the same time, enjoyed the independence from the monitoring of the Finance Committee in deploying its resources. Subsequent to the reinstatement of CoP in 2013, the work of the CCF was incorporated into the CoP with the establishment of the CCF Task Force. Although funding approval from the Finance Committee is required when the government injects money into the CCF, once the money is vested in the CCF, there is no need to consult the Finance Committee in launching a particular assistance programme. The entire process in hammering out the assistance programmes is within the ambit of the CoP. The CCF Task Force will be responsible for formulating the assistance programmes and the CoP, with the CS being the chairperson and members from the field of home affairs, labour and welfare, education, and food and health, will consider the merits of the programme proposals and grant its approval after deliberation. While the CCF enjoys a higher degree of flexibility when compared with the other existing poverty alleviation measures, it is still subject to a certain extent of scrutiny from the LegCo. CCF has to consult Subcommittee on Poverty in the LegCo for those assistance programmes which are introduced for the first time and are anticipated to be more than \$100 million in the funding provision. The



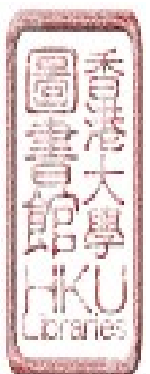
CCF has to report to the Subcommittee on Poverty half-yearly on its financial position along with the implementation progress and evaluation of its assistance programmes. Moreover, the CCF is under the monitoring of the Director of Accounting Services and the Director of Audit. As stipulated by Cap 1044, the CCF has to keep its accounts and records of all its assistance programmes ((Section 10(1), Cap 1044) and prepare a statement of accounts for each financial year ending 31 March in the format as required by the Director of Accounting Services (Section 10(3), Cap 1044). The statement of accounts as submitted has to be audited and certified by the Director of Audit (Section 10(5), Cap 1044).

### ***Inducements***

The CCF can be perceived as an alternative means in engaging the business sector in dealing with the poverty problem. Inducement is not only confined to monetary incentives, but also the non-monetary and intangible appeal such as social responsibility and reputation. While tax deduction<sup>27</sup> under the CCF donation mechanism can serve as a monetary

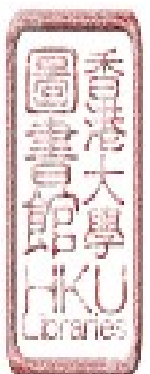
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<sup>27</sup> “Issue of Receipts and Tax Deduction” under “Make a Donation” of the CCF website <<http://www.communitycarefund.hk/en/donation.asp>>



incentive for the business sector to donate, the tax deduction per se is not appealing under the prevailing low tax system. On the other hand, the donation made by the business sector to the CCF can help disseminate the message to the general public that the business sector, besides making profits, also care for the community and accord priority to the corporate social responsibility.

In 2010, society was surrounded by high anti-rich sentiment. The business sector was eager to look for the possible way forward to improve its image under the anti-rich atmosphere. In this connection, the CCF, which was centred on “tripartite collaboration” and “a caring culture”, could serve as an inducement and helped the business sector to rebuild its image in the eyes of the populace. The CCF appeared to create a win-win situation. The business sector could improve its social image and win its reputation, and at the same time, the government could re-establish the social harmony by watering down the public hostility against the rich. This intangible incentive seemed to be appealing to business sectors and received overwhelming response soon after the announcement of the policy. Tycoons, including LI Ka-shing, LEE



Shau-kei, KWOK Ping-sheung etc., expressed their willingness to donate \$3.5 billion two days after the policy address was announced<sup>28</sup>.

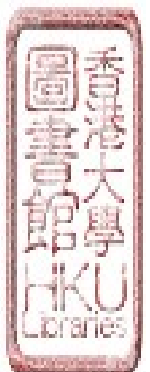
### ***Capacity Building***

The ultimate purpose of poverty alleviation measures should equip the underprivileged with the necessary knowledge and skills so that they can earn their living and get rid of poverty on their own, instead of relying on the government's handouts from time to time. In this connection, the CCF serves as a capacity building policy tool in view of its investment in the human resources for the community. The CCF provides financial assistance to a wide range of recipients and covers a diversified array of social areas. In particular, the assistance programmes under the CCF address to the inter-generational poverty problem in Hong Kong.

Among the twenty-seven assistance programmes launched by the CCF at the moment, nine of them aim to improve the living or learning environment for the young generation. Those assistance programmes

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<sup>28</sup> Apple Daily. 關愛基金兩日籌得35億 富豪爭購「贖罪券」。Hong Kong, October 15, 2010  
< <http://hk.apple.nextmedia.com/news/art/20101015/14555809>>





are set out in Table 2<sup>29</sup>.

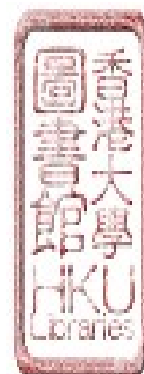
Table 2: Allowance programmes launched by CCF

	<b>Objectives</b>	<b>Programmes</b>
1.	Knowledge Enhancement	School-based Fund (Cross-boundary Learning Activities)
2.		Financial Assistance for Non-school-attending Ethnic Minorities and New Arrivals from the Mainland for Taking Language Examinations
3.		Subsidy for Non-school-attending Ethnic Minorities and New Arrivals from the Mainland Participating in Language Courses
4.	Travel Allowance	Extra Travel Subsidy for Needy Special School Students
5.	Study Grant/ Allowance	Enhancement of the Flat Rate Grant under the School Textbook Assistance Scheme
6.		Enhancement of the Financial Assistance for Needy Students Pursuing Programmes Below Sub-degree Level
7.		*Increasing the Academic Expenses Grant under the Financial Assistance Scheme for Post-secondary Students
8.	Improvement on Living Condition	*Providing Hostel Subsidy for Needy Undergraduate Students
9.	Others	Subsidy to Meet Lunch Expenses at Schools

\* *Programmes to be launched*

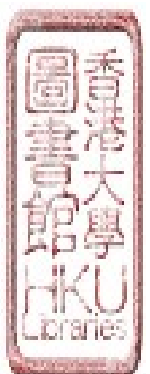
Source: CCF Website

<sup>29</sup> “Assistance Programmes under the Fund”, the CCF website  
<<http://www.communitycarefund.hk/en/assistance.asp>>



Poverty may pass from one generation to another because of the inadequate resources for the low-income families to cultivate a good learning environment for their children. The setting up of the CCF, to a certain extent, is an investment in social capital. It provides the young people in lower social strata with subsidies in their personal development, with the hope of creating opportunities for their upward mobility in the future.

Furthermore, the setting up of the CCF enhanced the ability of the Hong Kong government in tackling poverty. While poverty problem in Hong Kong is multi-faceted, the existing social safety net is far from perfect and is unable to capture all the poverty aspects with its regular support mechanism. The social phenomenon of the “N have-nots” (i.e those persons not covered by public housing and the CSSA scheme) is a vivid example of the existence of loopholes in our current social welfare system. By its institutional design, the CCF is supplementary to the existing social welfare system by offering assistance to those people having special circumstances and not covered by the current system. The CCF also serves as testing site for the government to identify those



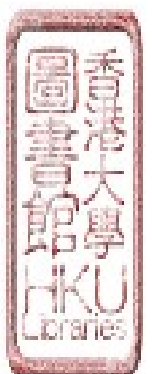
assistance programmes worthwhile to be regularised and be rolled out on a recurrent basis.

Lastly, the CCF ameliorates the anti-rich sentiment and contributes to the harmony of the community as a whole. The CCF promotes the “tripartite collaboration” among the community, the business sector and the government and a “caring culture” of philanthropy in our society. Caring culture is a valuable intangible asset for the community and is essential for the well-being of society in the long term.

### *System Changing*

System changing refers to the revolution of the whole system in which public goods and services are delivered. The revolution is signified by the restructure of the relationship among different stakeholders in the community.

The CCF has the beauty of appealing to the public on the “tripartite collaboration”, use of the investment returns and public engagement



strategies in poverty alleviation.

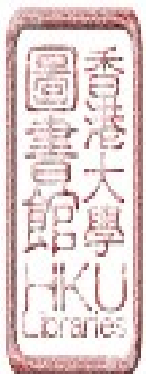
When the government put forth the idea of setting up the CCF in the 2010/11 Policy Address<sup>30</sup>, it packaged the CCF as a novel idea in poverty alleviation. The then Chief Executive, Donald Tsang Yam-kuen, remarked that the aim of the CCF was to “encourage the business sector's participation in helping the poor” and to “demonstrate tripartite collaboration” among the government, the community and the business sector in poverty alleviation. Moreover, the then CS, Henry Tang Ying-yen, also mentioned that the CCF could help “promote a culture of social responsibility and philanthropy in our society”<sup>31</sup>.

However, in reality, the so-called “tripartite collaboration” is not a brand-new idea. The NGOs and the business sector have all along been providing assistance to people in need. The NGOs in Hong Kong, such as Tung Wah Group of Hospitals, Po Leung Kuk, and Caritas Hong Kong has been helping the underprivileged in the area of, for example, medical

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<sup>30</sup> Community Care Fund, 2010/11 Policy Address  
<<http://www.policyaddress.gov.hk/10-11/eng/p57.html>>

<sup>31</sup> “Community care fund enhances social security system”, Press Release, written by the then Chief Secretary for Administration  
<[http://archive.news.gov.hk/en/record/html/2010/10/20101014\\_174652.shtml](http://archive.news.gov.hk/en/record/html/2010/10/20101014_174652.shtml)>



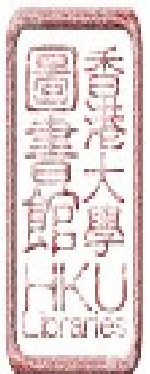
and health, education, and community. Moreover, the business sector, while doing business and making profits, have recognized the importance of Corporate Social Responsibility (CSR). For example, in the 2013/14 “Caring Company Scheme”, which was launched by the Hong Kong Council of Social Service, more than 2,700 companies and organisations were awarded the Caring Company/ Organisation Logo<sup>32</sup>.

While the philosophy of “tripartite collaboration” and “a caring culture” is nothing new but has already been present in the community, such a philosophy could serve as a means to reiterate the importance of the participation of the NGOs and the business sector in tackling poverty. The CCF has the merits in setting up a platform to normalise and institutionalise the relationship among the government, the community and the business sector.

Another system changing attribute of CCF is to alleviate poverty by setting up a trust fund. Traditionally, when the HKSAR government puts forward poverty alleviation measures, those measures are either

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<sup>32</sup> Caring Company Website < <http://www.caringcompany.org.hk/about.php>>

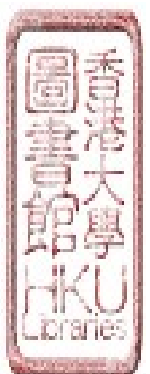


recurrent or one-off. The recurrent measures, which constitute our existing social welfare system, very much depend on the portion of recurrent expenditure allocated for the purpose in the government budget. Besides, subject to the availability of fiscal surplus in each financial year, the HKSAR government may also introduce one-off measures<sup>33</sup> such as granting subsidy for residential electricity account, offering extra allowance to the recipients of CSSA and paying rents on behalf of public housing tenants. In recent years, it seems that the government would prefer giving one-off sweeteners to enlarging its recurrent expenditure on social welfare in fear of the increase in its financial burden and the fluctuation of the external economic environment. While the government can avoid running fiscal deficit by curbing its recurrent expenditure, the one-off handouts are just short-term relief and fail to serve the purpose of enhancing our social safety net.

The CCF, in this regard, seems to offer an alternative in rolling out poverty alleviation measures in the form of a trust fund. Government's injection, contribution from the business sector along with the donation

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<sup>33</sup> "Easing Pressure and Stimulating Economic Growth", The 2013/14 Budget  
<<http://www.budget.gov.hk/2013/eng/budget26.html>>



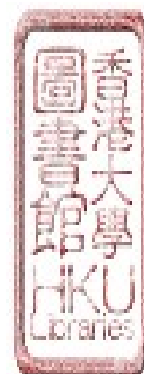
from the general public will constitute the seed capital<sup>34</sup>. The seed capital will be apportioned into two parts. One part of the seed capital will be deposited at the Hong Kong Monetary Authority (HKMA) to earn investment return referencing the performance of the Hong Kong Exchange Fund while another part of the seed capital will be deposited at banks in Hong Kong dollar and Renminbi time deposit to earn interest income<sup>35</sup>. While the seed capital may be disbursed under special circumstances with approval from the CoP, the operation of the CCF will mainly be supported by the returns on capital. As at 31 May 2014, the CCF is at a balance of HK\$20.893 billion, with an investment return of around \$938 million at the HKMA<sup>36</sup>. Instead of relying on the traditional source of income such as profits tax and land revenue to finance the poverty alleviation measures, the operation of the CCF is mainly backed up by investment return. Setting up the CCF has its advantages of stretching out the existing social safety net without overburdening the ever-increasing government's recurrent budget on social welfare. While no one will object to helping out the

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<sup>34</sup> Discussion paper on injection into the Community Care Fund at the Finance Committee of the Legislative Council on 21 June 2013 (<http://www.legco.hk/yr12-13/english/fc/fc/papers/f13-20e.pdf>)

<sup>35</sup> Legislative Council Paper on the work progress of Community Care Fund on 23 June 2014 ([http://www.legco.gov.hk/yr12-13/english/hc/sub\\_com/hs51/papers/hs510623cb2-1819-1-e.pdf](http://www.legco.gov.hk/yr12-13/english/hc/sub_com/hs51/papers/hs510623cb2-1819-1-e.pdf))

<sup>36</sup> Financial position of Community Care Fund at its website (<http://www.communitycarefund.hk/en/finance.asp>)

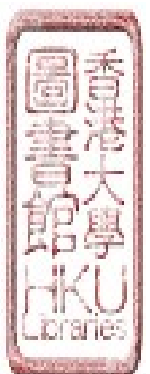


underprivileged, it is always a sensitive issue on how to finance the associated relief measures, especially when the topic of broadening the tax base is touched upon. In this regard, the CCF can act as a buffer compromising the pressure from the grass roots calling for more social welfare and the resistance from the middle class and the better-off in taking up more tax obligation. Moreover, rolling out assistance programmes is largely subject to the availability of investment returns. In other words, the CCF has the flexibility in narrowing down the degree of poverty alleviation efforts when the investment return is on the low side. The CCF also possesses its political significance in working out those assistance programmes which are controversial over whether the programmes should be normalized under the regular support mechanism.

The CCF is also characterised by the use of public engagement strategy. When the government implements its poverty alleviation measures, the government usually adopts a top-down approach to come up with ideas on helping out the needy, or seeks advice on social welfare issues through some advisory committees or working groups<sup>37</sup>, such as Lump Sum Grant

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<sup>37</sup> Advisory and Statutory Committees of Social Welfare Department  
<[http://www.swd.gov.hk/en/index/site\\_aboutus/page\\_advisory](http://www.swd.gov.hk/en/index/site_aboutus/page_advisory)>

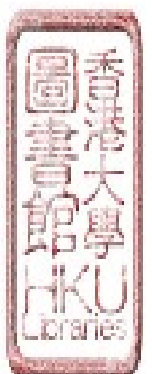




Steering Committee and Advisory Committee of the Partnership Fund for the Disadvantaged. It is rare for the government to gather views from the community direct through public consultations.

The operation of CCF brings about some breakthroughs. One of the distinguishing features of CCF is to provide assistance to those people not covered by the current social safety net or those within the net but require special and additional assistance from the community. To achieve this objective, opinions and feedbacks from the target beneficiaries are essential in introducing and formulating the assistance programmes to suit their needs.

Since its establishment in 2011, CCF has organised ten public consultation sessions. The public consultation sessions provide a platform for the interested parties and stakeholders to voice their opinions, and at the same time, an opportunity for the CCF Task Force members to share information with the general public on-site. The constructive information exchange between the citizens and Task Force members is conducive to the drawing up of the assistance programmes. In the

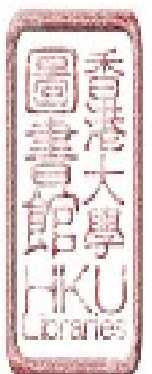


public consultation, citizens express their views and feedbacks on the existing assistance programmes, formulation of new pilot programmes and the overall operation, for instance, its eligibility criteria and the sustainability, of the CCF. The summary of views and suggestions of the public consultation sessions will be available for public perusal at the CCF's website<sup>38</sup>, which can add to the transparency of the CCF.

The economic difficulties and hardships faced by the underprivileged are multi-faceted. Without the public participation, the government may lack the necessary information and a comprehensive understanding of the suffering of the poor and fail to roll out poverty alleviation measures specific to their need. In the course of public consultation, inputs and ideas from the target beneficiaries are incorporated in the policy making process. With the establishment of the CCF, the government has in effect transferred a certain extent of its authority to the public in working out the details of the assistance programmes. Empowerment to the public can build up citizens' trust and support to the government, and enhance the government's legitimacy in the poverty alleviation efforts.

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<sup>38</sup> Public consultation, CCF's website (<http://www.communitycarefund.hk/en/form.asp>)

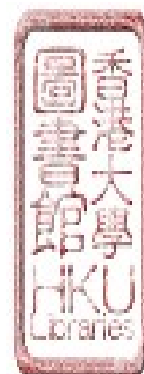


## **Coupling of the Streams leading to the Launch of the CCF**

The policy dynamics of problem, policy and political streams illustrated in Chapter 3 laid the foundations for the establishment of the CCF. The identification of poverty as a problem, along with the prevailing anti-rich and anti-business sentiment, urged the government to face up to the poverty problems. The CCF, characterised by its attributes, appeared to be a suitable option at the time and progressed up the government's policy agenda through the coupling of problem, policy and political streams.

The interactions among members in the policy community, including the government, the business sector, the welfare sector and politicians, led to the opening of the policy window for the launch of Community Care Fund.

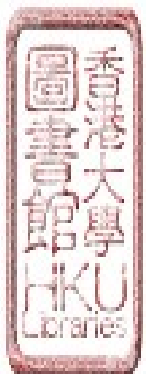
Focusing events happened in 2009 – 2010, including the media uncovered the unusual behaviour in the property transactions of the development project of "39 Conduit Road" in December 2009, the incident of Octopus Card company selling privacy of cardholders



revealed in 2010, and the light punishment for Amina Mariam Bokhary's attack police court case in 2010, further discovered the "anti-business and anti-rich sentiment". Starting from around July and August 2010, people started to tight the "wealth gap" problem with "anti-business and anti-rich sentiment".

Mr. Lew Mon-hung, member of National Committee of the Chinese People's Political Consultative Conference (CPPCC), suggested re-allocating resources by reforming the tax system, collecting progressive tax from corporations to set up a poverty alleviation fund. He also encouraged the rich to make more donations to help the poor (Wen Wei Po, 2010).

The business sector defined that it was the "wealth gap" causing the "anti-business and anti-rich sentiment", and hence they actively offered proposals to solve the problem. Mr. James Tien, former Chairman of Liberal Party, initiated to establish a business sector fund to collaborate the synergy to contribute back to society and help those needy outside the public safety net, e.g. subsidising eye surgery for the elderly and

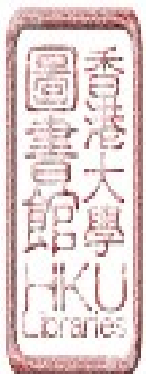


scholarship for students (Sing Tao Daily, 2010). However, the project was not successful as not many tycoons joined the project. On the other hand, he criticised the government for not increasing the social welfare budget (Apple Daily, 2010).

Although the business sector was trying to solve the sentiment, scholars opined that it would not be sufficient without the government's actions because the sentiment was originated from policies which gave people the impression of inclining to the business (Sing Tao Daily, 2010).

There was also suggestion of enhancing the Partnership Fund for the Disadvantaged, which was a partnership among NGO, business and the government established in 2005 (China News Service, 2010). Business sector representatives in Commission on Strategic Development (CSD) suggested the government leading the business and social bodies to establish a fund for charity in order to relief the sentiment against property developers (Hong Kong Economic Journal, 2010).

Thus, to solve the deep-rooted problems, besides alleviating the poverty,

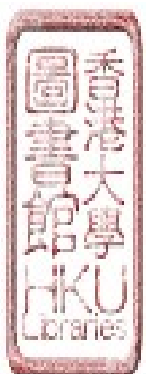


it was equally important to solve the sentiment in society. The idea of CCF seemed to be ideal solution at the time. The accessibility of the existing legislative framework, the virtue of donation from the business sector, the proposed extension of social assistance to those fell outside the existing social welfare system and the promotion of the “tripartite collaboration” and “the culture” which helped ameliorate the anti-rich sentiment, all paved the way for the CCF to reach the top of the government’s policy agenda in poverty alleviation.

With the coupling of problem, policy and political streams, the policy entrepreneur – Mr. Donald Tsang, the Chief Executive of that time, personally introduced the CCF to some of the property tycoons and got their verbal commitment to financial support in the CCF. After securing the financial support from the tycoons, Mr. Donald Tsang introduced his idea of setting up CCF in his 2010-2011 Policy Address.

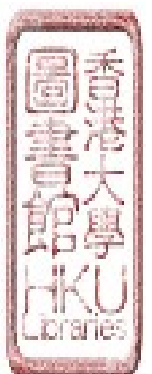
## **Concluding Comments**

In this chapter, the mandate, inducement, capacity building and system



changing attributes of the CCF are analysed. The CCF was established under the existing ordinance, Cap 1044, and with its institutional design, was able to avoid arduous legislative procedures in launching assistance programmes for the people in need. The CCF induced the business sector to contribute to poverty alleviation so as to rebuild its social image and at the same time, built up the government's capacity in enhancing the existing social welfare system and served as a means for the government to invest in the social capital and social harmony. Moreover, the "tripartite collaboration", the formation of a trust fund and the use of public engagement strategy fostered changes in established system in poverty alleviation.

Poverty was recognised as a problem and the government was confronted with public pressure in formulating policies in tackling poverty. The interactions among members in the community, including the government, the business sector, the welfare sector and the politicians, coupled with the attributes of the CCF, made the CCF an ideal solution in poverty alleviation at the time and was introduced by the then CE, Donald Tsang, in his 2010-11 Policy Address.



## **CHAPTER 5: SELECTED COMPARATIVE INSIGHTS, RECOMMENDATION & CONCLUSIONS**

### **Introduction**

Hong Kong is a city renowned for its prosperity and social stability. However, in recent years, the poverty situation has been worsening. The livelihood of the populace has been negatively affected and the degree of social harmony was on the decline. The high property price and the widening income inequality constituted the social unrest and confrontation and triggered the hatred towards the rich and the business sector. In this context, the HKSAR government proposed the set up of the CCF as a poverty alleviation measure. The policy dynamics cultivated the environment for the rising up of the CCF, as well as its policy tool attributes to fit for the poverty alleviation purpose are examined in the previous chapters.

In this chapter, the experience of Singapore in launching the Community Care Endowment Fund in poverty alleviation is looked into.



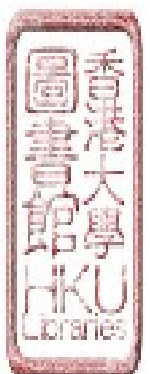


Improvements to the operation of the CCF are suggested in light of the Singapore's experience. Conclusion of our capstone project is also made at the end of this chapter.

### **Overall Assessment of the CCF**

As illustrated in Chapter 4, the CCF has the mandate, inducement, capacity building and system changing attributes. The CCF has its legal backing from the Secretary for Home Affairs Incorporation Ordinance (Cap 1044). It serves as an inducement soliciting the business sector's assistance in poverty alleviation. Moreover, the CCF enhances the government's competence in coping with poverty and fosters changes in the established social welfare system. The attributes of the CCF, in the context of the problem definition and political atmosphere at the time, made it a viable option pursued by the government in tackling poverty.

While the CCF has its beauty in poverty alleviation, the CCF is far from perfect. There has been concern over the positioning of the CCF: whether the CCF is merely a stop-gap measure and offers the government a tool to wait and see the poverty development. While the government



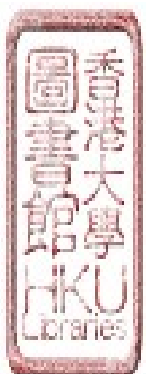
packaged the CCF as a “tripartite collaboration”, the contribution raised from the business sector was only HK\$1.8 billion, which was far below the original target at \$5 billion. Moreover, apart from donating money, the business sector did not seem to have any participation in the rolling out of the assistance programmes under the CCF. Further, while the CCF aims at filling up the loopholes of the existing social welfare system, the proposals of assistance programmes are considered on their own merits and therefore appears to be fragmented in achieving the goal of poverty alleviation. While the CCF was once an item topped at the government’s policy agenda, it is essential for the government to carry out improvements to the CCF for the benefits of society as a whole.

### **Lessons learnt from our neighbouring country - Singapore**

Singapore is a city which resembles much of Hong Kong in terms of economic, geographical and demographic backgrounds. Economically, Singapore's gross domestic product per capita is recorded at US\$36,897.87 in 2013<sup>39</sup>, which is comparable with US\$33,534.28 in

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<sup>39</sup> Singapore Government Website, "SG Facts", 2014, 10th June 2014, <<http://app.singapore.sg/about-singapore/sg-facts>>



Hong Kong<sup>40</sup>. Whilst Singapore has a trade-oriented economy, Hong Kong's economy is service-oriented and both are renowned for its open, free, low-tax and least corrupt business environment.

Geographically, both are a part of the Asian family with a small area which had to depend on reclamation to increase land supply. Singapore's area is at 716.1 square kilometers<sup>41</sup> and Hong Kong's area is at 1,104 square kilometers<sup>42</sup>.

Demographic-wise, in terms of ethnicity, both are multinational but Chinese remained the majority of the population. Both cities have a high population density and people with a long life span. Singapore has a population of 5.3 millions and the life span of men and women are 80 and 85 respectively<sup>43</sup>. Whereas Hong Kong has 7.2 millions of people and the lifespan of men and women are 81 and 86<sup>44</sup>. From these statistics, one

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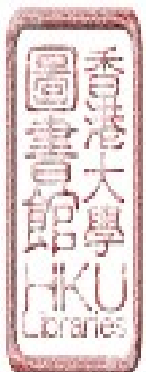
<sup>40</sup> HKSAR Government Website, "About Hong Kong: The Facts", 2014, 10th June 2014, <<http://www.gov.hk/en/about/abouthk/facts.htm>>

<sup>41</sup> Singapore Government Website, "SG Facts", 2014, 10th June 2014, <<http://app.singapore.sg/about-singapore/sg-facts>>

<sup>42</sup> HKSAR Government Website, "About Hong Kong: The Facts", 2014, 10th June 2014, <<http://www.gov.hk/en/about/abouthk/facts.htm>>

<sup>43</sup> Department of Statistics, Singapore, "Population Trends 2013", 5th May 2014, <[http://www.singstat.gov.sg/publications/publications\\_and\\_papers/population\\_and\\_population\\_structure/population2013.pdf](http://www.singstat.gov.sg/publications/publications_and_papers/population_and_population_structure/population2013.pdf)>

<sup>44</sup> Census and Statistics Department, "Hong Kong: The Facts", 2014, 10th June 2014, <<http://www.gov.hk/en/about/abouthk/factsheets/docs/population.pdf>>



can associate that both locations are facing a contentious issue of an ageing population.

Reflecting the ageing population, the median age of the resident population is at 38.9 years in 2013 and Singapore residents aged 65 years and increased to 11% in 2013<sup>45</sup>. As for Hong Kong, the median age is 43 in 2013 and 14.2% of the population is aged 65 years and above<sup>46</sup>.

With an ageing population, the government has to face profound pressure on public finance, resulting in an increasing government expenditure on welfare policies. The situation is particularly serious in both localities as the old-age support ratio is falling. Singapore's ratio of residents aged 20-64 to elderly residents aged 65 years and above is 6.4 to 1<sup>47</sup>, and 4.9 to 1 in Hong Kong<sup>48</sup>. Furthermore, the aged population may not be able to take care of themselves and has a high chance of slipping into poverty.

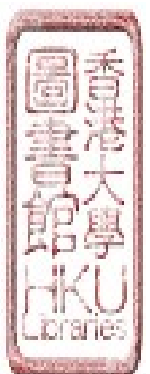
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<sup>45</sup> Department of Statistics, Singapore, "Population Trends 2013", 5th May 2014, <[http://www.singstat.gov.sg/publications/publications\\_and\\_papers/population\\_and\\_population\\_structure/population2013.pdf](http://www.singstat.gov.sg/publications/publications_and_papers/population_and_population_structure/population2013.pdf)>

<sup>46</sup> Census and Statistics Department, "Hong Kong: The Facts", 2014, 10th June 2014, <<http://www.gov.hk/en/about/abouthk/factsheets/docs/population.pdf>>

<sup>47</sup> Department of Statistics, Singapore, "Population Trends 2013", 2014, 10th June 2014, <[http://www.singstat.gov.sg/publications/publications\\_and\\_papers/population\\_and\\_population\\_structure/population2013.pdf](http://www.singstat.gov.sg/publications/publications_and_papers/population_and_population_structure/population2013.pdf)>

<sup>48</sup> Census and Statistics Department, "Hong Kong: The Facts", 2014, 10th June 2014, <<http://www.gov.hk/en/about/abouthk/factsheets/docs/population.pdf>>



In addition to facing the challenges from an ageing population, both areas have to handle the problems arising from widening income disparity. In Singapore, the gini coefficient is at 0.463 in 2013<sup>49</sup> and at 0.537 in 2011 in Hong Kong<sup>50</sup>. They have readings over the average of 0.32 in The Organisation for Economic Co-operation and Development countries<sup>51</sup>, and are above the 0.4 level used by the United Nations as a gauge of the potential for social unrest<sup>52</sup>.

Judging from the above analysis, we can conclude that both cities share some similarities in terms of their background and also some problems from an ageing population and widening income gap which are part of the roots of lingering poverty in the localities. Both governments have to formulate long-term policies to deal with these problems or their people will suffer if they are left unsettled.

Considering their comparability and also the similar social problems

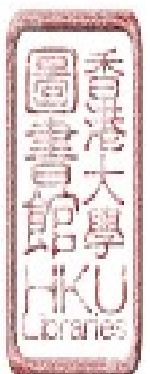
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<sup>49</sup> Singapore Department of Statistics, "Key Household Income Trend 2013", 2014, 10th June 2014, <[http://www.singstat.gov.sg/news/press\\_releases/press18022014.pdf](http://www.singstat.gov.sg/news/press_releases/press18022014.pdf)>

<sup>50</sup> HKSAR Hong Kong Economy Website, "Half Yearly Economic Report 2012", 2012, 10th June 2014, <<http://www.hkeconomy.gov.hk/en/pdf/box-12q2-5-2.pdf>>

<sup>51</sup> OECD Website, "OECD Income Distribution Database: Gini, poverty, income, methods and concepts", 2014, 10th June 2014, <<http://www.oecd.org/els/soc/income-distribution-database.htm>>

<sup>52</sup> United Nations Website, "Inequality on the rise?", 2012, 10th June 2014, <[http://www.un.org/en/development/desa/policy/wess/wess\\_bg\\_papers/bp\\_wess2013\\_svieira1.pdf](http://www.un.org/en/development/desa/policy/wess/wess_bg_papers/bp_wess2013_svieira1.pdf)>

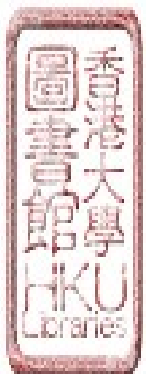


resulted from decades of development, Singapore is perceived as a country in which their social security policies shed light for the development of Hong Kong's poverty alleviation measures, in particular the cross-agency collaboration reflected in their Community Care Endowment Fund (ComCare Fund) which was established in 2005.

In Singapore, the ComCare Fund was founded to provide a sustainable source of funds to finance social assistance targeting the low-income Singaporeans. The fund is set up on the basis of the Community Care Endowment Fund Act in Singapore, with four objectives to achieve, including to attain sufficient income to meet the basic needs of the underprivileged, to address the development issues faced by their children, to facilitate the poor's integration into society and to enhance the capacity of the community to undertake the above objectives<sup>53</sup>. No such a legislation or similar act is found in the history of Hong Kong in providing a legal basis for the provision of social assistance to the community.

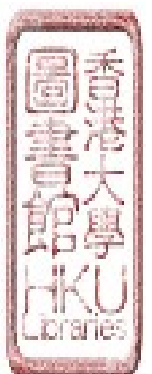
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<sup>53</sup> ComCare Annual Report for Financial Year 2012, 2012, 15th June 2014, <[www.msf.gov.sg](http://www.msf.gov.sg)>



In achieving these objectives, the ComCare Fund does not only rely on the Singaporean government's own resources, it is the first of its kind, bridging cooperation and collaboration with community-based and private-sector organisations to provide assistance to the low-income groups. The entire fund is meant to construct cross-agency partnerships to sustain community development in fighting against poverty. The funds are generated from investments returns of the fund itself, gifts and donations from the community, and also government's contribution. In terms of its funding, the CCF in Hong Kong resembles much of the ComCare Fund in Singapore, however, the objective to foster close ties and collaboration with the social entrepreneurs in offering assistance, other than in form of cash, cannot be fully reflected in the CCF as the relationship between the HKSAR government and the business sector can only be echoed from the donations received.

With a view to attaining the aforementioned four legal objectives, the ComCare Fund is accordingly supported by four basic pillars, namely the ComCare Grow, ComCare Self-reliance, ComCare Enable and Supporting the Community. Under these four pillars, four different types



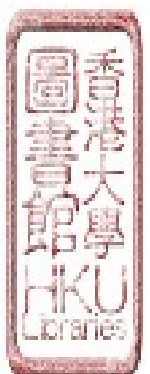
of programmes are developed to assist families or individuals with different needs. They include the ComCare Short Term Assistance targeting those who can work but need assistance to tide over a difficult time; the ComCare Medium and Long Term Assistance to help those who are not able to work to integrate into the community; the ComCare Assistance for Children which provides developmental support for children from low income families to help them realise their potentials and break out from the poverty cycle; and Supporting the Community, to empower the community by providing support to grassroots leaders and social enterprises to help the needy<sup>54</sup>.

One of the enlightening initiatives in the ComCare Fund is the concrete cooperation and collaboration with other agencies which are also the social entrepreneurs including the grassroots organisations, volunteer welfare organisations and family service centres. The ultimate goal is to achieve the last pillar, “Supporting the Community”.

In order to “Support the Community”, the ComCare Fund has

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<sup>54</sup> ComCare Annual Report for Financial Year 2012, 2012, 20th June 2014, <[www.msf.gov.sg](http://www.msf.gov.sg)>





implemented several schemes which provide valuable reference for Hong Kong. First of all, a Citizens' Consultative Committee ComCare Fund which includes members originating from the grassroots is formed. This fund gives great flexibility to the grassroots leaders to give speedy financial assistance to attend to the urgent and temporary needs of certain residents. Citizens residing in a particular area can contact their respective Citizens' Consultative Committee to seek help directly instead of going through a list of procedures in which the residents' needs might not be catered at the opportune moment<sup>55</sup>.

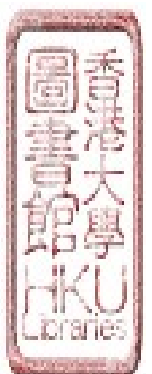
In addition, they also operate a hotline called the ComCare Call which facilitates 24-hour and toll-free hotline service for those who are seeking help, and also those who are trying to offer help, to the respective agencies<sup>56</sup>. The provision of this hotline provides a direct channel for the community to seek what they wish to get or offer at a more convenient and supportive manner.

Furthermore, since some disadvantaged groups maybe left out with their

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<sup>55</sup> ComCare Annual Report for Financial Year 2012, 2012, 10th June 2014, <[www.msf.gov.sg](http://www.msf.gov.sg)>

<sup>56</sup> Ibid

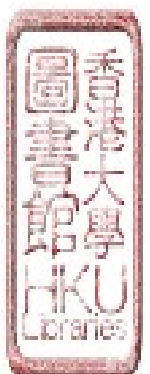


needs unaddressed, a ComCare Social Support Projects Fund is set up to look after the groups that are ignored in the existing programmes. The organisations working closely with the community can better understand the needs of their people and make recommendations on what kind of policies will suitably address their needs<sup>57</sup>. This project fund serves as an important tool to fill up the gaps that may exist in offering assistance to the disadvantaged and reflects the Singaporean's government's open-mindedness to recognise its limited capability and confidence to delegate their power to other agencies which can offer better services to the needy.

On the other hand, in a bid to allow social integration for the disadvantaged, a ComCare Enterprise Fund is also formed to give funding support to social enterprises which employ the disadvantaged in society. The social enterprises do not only employ those people with disabilities or persons recovering from psychiatric illnesses as in Hong Kong, but they also employ persons such as ex-offenders, former drug abusers, youth-at-risk, chronically unemployed individuals and

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<sup>57</sup> ComCare Annual Report for Financial Year 2012, 2012, 10th June 2014, <[www.msf.gov.sg](http://www.msf.gov.sg)>



low-income Singaporeans from families with multiple problem households<sup>58</sup>.

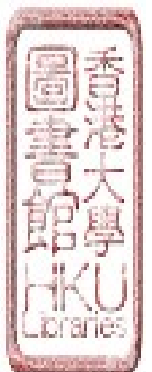
In order to enhance the coordination in offering assistance among different social agencies, nine ComCare Local Networks were formed, comprising of the locality's grassroots leaders, volunteer welfare organisations, community development council and a government branch, to discuss and collaborate which type of measures can best help those in need. They will regularly organise meetings and hold outreach events to other possible partners in the community for the purpose of experience sharing, and eventually work out the best practices for the neighbourhood<sup>59</sup>.

In a nutshell, with regard to the important lessons learnt from the above illustration of the ComCare Fund in Singapore, it is observed that Singapore has been very successful in building up close collaborations with the other social actors in bringing together partnerships in shaping and implementing comprehensive social welfare policies. The recognition

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<sup>58</sup> ComCare Annual Report for Financial Year 2012, 2012, 10th June 2014, <[www.msf.gov.sg](http://www.msf.gov.sg)>

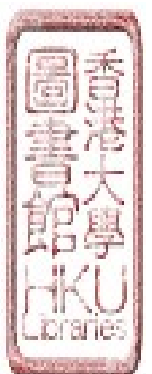
<sup>59</sup> Ibid



of these social actors and the government's open-mindedness and willingness to delegate their power to these helpful entities are crucial to fully utilise the available resources to meet the people's needs. Hong Kong should take a huge leap to promote social creativity and cross-agency collaboration in order to implement a long-term and sustainable social welfare policy in alleviating poverty.

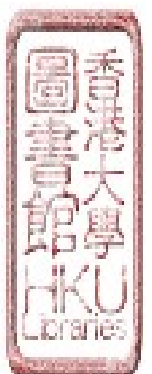
### **Recommendations**

Initially, the CCF was established as a means to encourage tripartite collaboration among the government, the community and the business sector in poverty alleviation and to build a “caring culture”. However, the HKSAR government had overestimated the support from the business sector. The business sector only contributed \$1.8 billions, far below the government’s original target of \$5 billions. Furthermore, while public engagement strategies were adopted in formulating the assistance programmes, there was in effect no sharing of power or collaboration with the social organisations in the execution of the programmes, revealing a frail relationship with the social actors in the community.



In this aspect, with regard to the system changing attribute, it is pivotal for the HKSAR government to recognise the importance of collaboration with the other actors in society, including the non-governmental organisations and the private sectors. The collaboration should not be confined to funding support, but it should extend to the formulation and implementation of assistance programmes under the CCF. The non-profit and charitable organisations should have a better understanding of the needs of the underprivileged, and therefore they can exchange their experience and insights in steering the CCF with a view to offering tailored programmes for different target beneficiaries.

Moreover, the assistance programmes implemented so far by the CCF are inclined to provide immediate relief assistance to the underprivileged, instead of the navigation towards enhancing social mobility of the poor in the future. In formulating assistance programmes, it is essential for the HKSAR government to transform the essence of the programmes from merely providing one-off benefits to building up the capability of the underprivileged in rising up the social ladder. The programmes implemented in connection with capacity building at the moment are



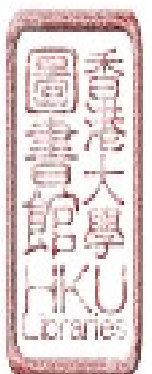
mainly providing grants for the needy to attend examinations, travel grants to go to school, or meeting the lunch expenses, etc, in which the school fee, which accounts for a much heavier financial burden for the low-income families, is not taken into account.

Strengthening the legal backing of the CCF should also be considered.

The present legislation backing the CCF is the Home Affairs Incorporation Ordinance (Cap 1044), which governs the operation of the CCF as a trust fund only. However, Cap 1044 fails to portrait the CCF's long-term vision and mission in combating poverty.

In a bid to enhancing the CCF's legitimacy, it is suggested that the HKSAR government consider legislating the establishment of the CCF including the operating principles that the CCF has to stick to, in light of the experience of “Community Care Endowment Fund Act” in Singapore.

The CCF has been questioned as a stop gap measure. At the time of the reinstatement of the CoP in 2013, there has been concern over the future position of the CCF. The legislation of the CCF can moderate the public's

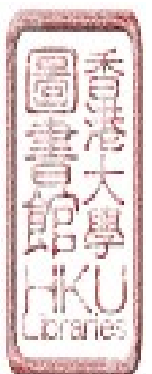


perception of the fund being a transition arrangement and the government can take this opportunity to show its determination to alleviate poverty through the CCF in the long run.

## **Conclusion**

This capstone project examines the policy dynamics nurturing the launch of the CCF and the policy tool attributes of the CCF which made it suitable for the HKSAR government to push the CCF forward as a solution to poverty alleviation.

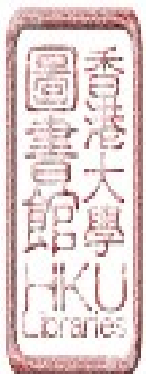
Through the illustration of Kingdon's three streams model, poverty has been a distinguished problem to the HKSAR government in the political context of prevailing social indicators and the anti-rich sentiment before 2010. The interaction among members in the community, including the HKSAR government, the business, welfare and political sectors, opened a policy window for the HKSAR government to roll out the unprecedented CCF to alleviate poverty in the 2010-11 Policy Address.



The attributes of the CCF, in terms of mandate, inducement, capacity building and system changing, are addressed so as to analyse how the CCF reached the top of the policy agenda. However, the existing operation of the CCF is far from perfect and insights from Singapore are drawn on in order to enhance the CCF's capacity in poverty alleviation.

In summary, the CCF should collaborate with other social actors such as NGOs and the business sector in the formulation and implementation of the assistance programmes. The assistance programmes should also have a long term vision to build up the capacity of the underprivileged so that they can get out of poverty on their own. Moreover, the HKSAR government should consider legislating the CCF with the incorporation of the operating principles so as to show its determination to alleviate poverty through the CCF in the long run

By drawing on the experience of Singapore, it is hoped that the CCF can be improved and serve as a stronger support for alleviate poverty in Hong Kong.





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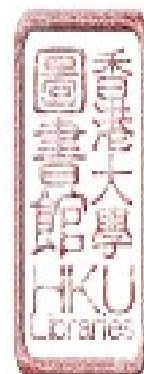
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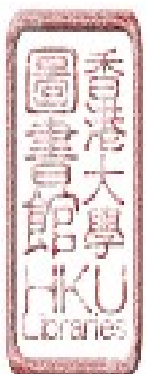
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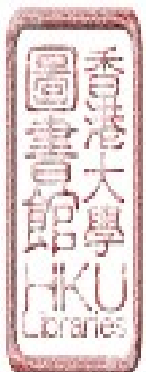
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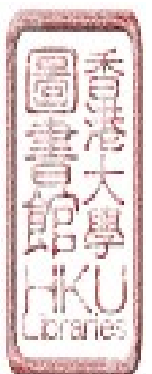
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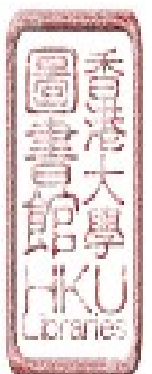
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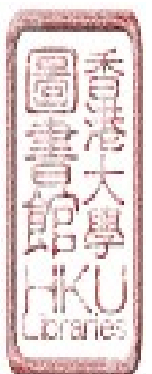
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