

Fine balancing act :

Responsiveness Vs Responsibility

Civil Service Newsletter Editorial Board



THE Secretary for Labour and Welfare, Mr Matthew Cheung Kin-chung, is always conscious that his portfolio influences the livelihood of the vulnerable and the man in the street in Hong Kong. He is committed to addressing their needs responsively and responsibly in building a caring, compassionate and cohesive society.

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The Secretary for Labour and Welfare, Mr Matthew Cheung Kin-chung, points out that combining labour and welfare portfolios is a strategic and judicious move of the Government. This sits well with the priorities of the current-term Government which ranks elderly care and poverty alleviation at the top of its policy agenda.

“I have always described labour and welfare issues as a river,” he says. “Labour is upstream and welfare is downstream.”

“If you tackle unemployment properly and provide people with sufficient jobs, reasonable prospects, hopes and social mobility, the welfare burden of society will certainly dwindle. Putting labour and welfare under one roof makes eminent political and policy sense.”

“But the outcome is a rather heavy and challenging schedule. To quote an example, during the recent special meeting of the Finance Committee of the Legislative Council (LegCo) on the 2014-15 Budget, the Government received over 6,000 questions from LegCo members and of these 1,219 were for me. I had the dubious honour of having the lion’s share (almost one-fifth) of all the questions! This highlights the complexity of labour and welfare issues and reflects the interest of LegCo and the whole community.”

“I was most appreciative of the support and cooperation of my civil service colleagues in coping with this deluge of questions. It comes as no surprise as we are talking about ‘rice bowls’ issues which can be easily politicised. If we tackle these bread-and-butter issues effectively, there will be immense benefits for governance in terms of winning hearts and minds,” he elaborates.

A delicate balancing act

Mr Cheung envisages that over the next 10 years, the whole Administration, particularly his side of the house, will face multiple challenges as Hong Kong is facing an ageing population with a very low fertility rate, shrinking labour force and rising public expectations for better administration and governance.

“I always think of myself as a sportsman performing a balancing act,” states Mr Cheung. “This balancing act will become increasingly delicate and difficult over the next decade because an ageing population brings along with it both opportunities and challenges. While the ‘silver hair’ market is set to boom and job opportunities in elderly care services open up, the Government will face mounting pressure on public finance and service provision and will have to carefully consider how best to care for those who are frail and not self-reliant.”

“We have to enhance elderly care and provide better and adequate welfare for those who are disadvantaged. In tandem, we need to consider how best to replenish a shrinking labour force, both at the high and low ends of the working population. We have to fully tap the latent labour force in Hong Kong. At present, over half a million women of working age stay at home as homemakers. Can we unleash some of them as part of the labour force and, if so, how?”

“Equally, the young elderly and early retirees will still have time to contribute to the community, but are somehow blocked by barriers in policy, attitude and entrenched views. This also applies to people with disabilities and the ethnic minorities. Apart from making the best and fullest use of these groups, we also need to consider how best to supplement our manpower shortfall by bringing in foreign talents and labour as necessary without jeopardising the interests of the local workforce.”

“A cultural change must be introduced into Hong Kong’s labour market,” continues Mr Cheung. “Employers must be prepared to change by offering more part-time jobs, embracing flexi-time and

home-based offices as well as providing better training opportunities and career prospects. We have reached the crossroads and we cannot afford to stagnate. If we are to continue to thrive as Asia’s world city, we need to think outside the box or we may start lagging behind quickly,” he says.

“For labour and welfare issues, we need to be empathetic and have a strong sense of compassion for the community, especially the grassroots. At the same time, we need to exercise prudence and bear in mind the fiscal sustainability, long-term viability and reasonableness of policy measures,” Mr Cheung stresses. “That is why I consider myself walking a thin tightrope trying to find the right balance all the time.”

Responsiveness Vs Responsibility

Mr Cheung explains that welfare expenditure is now the second highest in the Government, accounting for 18.5% of recurrent government expenditure. Education accounts for 21.8% whilst medical and health 17%. They add up to close to 60% of recurrent government expenditure.

“There is a nearly 10% increase in the welfare provision in this year’s Budget,” continues Mr Cheung. “But I must stress that we are not, and will not be, going down the road of welfarism because we simply cannot afford it. That said, however, we can be more caring about the welfare needs of the underprivileged and needy in a measured and sensible fashion without being populist.”



Mr Cheung (third left) played songs with the elders using tablet computers during his visit to the Tsuen Wan District Elderly Community Centre to promote the concept of “active ageing”.

“Responsible policymakers should adopt a targeted approach identifying the specific groups that we help whilst being responsive to public concerns and needs. An example is the Old Age Living Allowance (OALA) rolled out last April, which was the first major policy measure announced by the current Administration. Its aim is to supplement the living expenses of the elderly aged 65 or above who are in need of financial support.”

“There was a vigorous and acrimonious debate in LegCo as some legislators pressed their case for making the OALA universal without any means-testing. However, the Government stuck firmly to its gun that we could not afford the universal approach and that the allowance had to be means-tested in order to ensure its fiscal sustainability. Our thinking is simply that limited public resources must be targeted to those most in need and hence our ‘rifle’ (targeted) rather than ‘shotgun’ (universal) approach.”

“At the moment there are some 1.02 million Hong Kong citizens aged 65 and above and around 40% of them (some 420,000) benefit from OALA (\$2,285 a month),” says Mr Cheung. “Another 150,000 are on Comprehensive Social Security Assistance (with average monthly payment of \$5,000) while 190,000 others receive the Old Age Allowance (\$1,180 per month). You can imagine that the bill is a formidable one. Patently, we have to be prudent in view of the fast-changing demographic and socio-economic landscapes of Hong Kong.”

Pragmatic and creative thinking

To test the effectiveness and acceptability of key policy measures, the Labour and Welfare Bureau has gone for pilot schemes. “We have tried out a few pilot schemes as reality checks,” says Mr Cheung.

“For example, we have introduced the user-oriented or ‘money-follows-users’ approach for elderly care. We give the elderly a voucher (Community Care Service Voucher) to the value of \$6,000 so they can buy services, such as home care, therapy services and ancillary medical care, from non-governmental organisations. This puts the



The Chief Executive, Mr Leung Chun-ying (first right), and Mr Cheung (second right) chatted with the beneficiaries of the Public Transport Fare Concession Scheme at the Shau Kei Wan Bus Terminus.

money into the hands of the users instead of the service providers. It seeks to enliven the market and enhance the quality of services. This is where the ‘silver hair’ market comes in and the labour market will benefit too in the long term.”

“As policymakers, we must challenge ourselves all the time intellectually while planting our feet firmly on the ground. Once the pilot proves viable, we will charge ahead.”

“A further example of ‘thinking outside the box’ is the Public Transport Fare Concession Scheme under which the elderly and eligible persons with disabilities can travel on MTR lines, franchised buses and ferries at anytime at a concessionary fare of \$2 per trip. We are determined in promoting active ageing. We want our senior citizens to be truly socially mobile and lead a fulfilled life. The scheme proves highly popular as the number of daily average passenger trips reaches 700,000, with about 620,000 trips made by the elderly and the remaining 80,000 trips by eligible persons with disabilities.”

“As of May this year, the scheme begins to cover eligible children with disabilities aged under 12. Also, the scheme will be further extended to green minibuses by phases as from the first quarter of 2015,” states Mr Cheung. “The scheme costs the Government some \$600 million annually, but I think it is well worth the candle.”

Greying population

In Hong Kong, one in seven people is currently aged 65 and above. In 2041, it is expected that one in three Hong Kong citizens will be aged 65 or above, with 960,000 aged over 80.

“By comparison, Hong Kong has one of the lowest fertility rates in the world,” notes Mr Cheung. “A population deficit is expected in the future. So, the challenge ahead is how to ensure that Hong Kong has a healthy labour force in terms of quantity and quality so that we remain competitive and productive.”

As a member of the Steering Committee on Population Policy chaired by the Chief Secretary for Administration, Mr Cheung says that several areas in relation to population policy have been identified by the committee. These include how to boost fertility and encourage families to have more children; how to fully tap the local labour force; how to engender a more family-friendly employment environment and practices; how to attract more foreign talents and import labour as a stop-gap measure to meet short-term needs without undermining the interests of the local workforce. All these are issues of paramount importance. But they are also contentious. We need to chart our way forward steadfastly, prudently, pragmatically and build consensus along the way,” he remarks.



Mr Cheung (left) attended the Award Ceremony of Most Improved Trainees of the Youth Employment and Training Programme 2013, where he encouraged youngsters to try and explore different types of industries when pursuing dreams in their career path.

Minimum wage: unforgettable episode

Mr Cheung describes the advent of Statutory Minimum Wage (SMW) on Labour Day in 2011 as an unforgettable episode in his political career so far.

“I fought a fierce battle in LegCo to steer the controversial SMW Bill through. The bill was only passed after a grilling and heated two-day marathon 41 hours debate, with the final leg lasting for 27 hours – the longest single session in LegCo’s history. I had to ward off over 40 hostile or unwarranted Committee Stage Amendments in order to protect the integrity of the bill. I was absolutely thrilled and relieved when the bill eventually got through.”

“SMW marks an important watershed in Hong Kong’s social and labour history. It has improved the livelihood of workers at the grassroots and eased the plight of the working poor,” Mr Cheung emphasises.

“Putting in place SMW was itself also a fine balancing act involving building consensus between the employer groups and labour sector. This was an uphill task and I was most grateful for the understanding and cooperation of all stakeholders,” he says.

Iconic measure

Mr Cheung indicates that a potent new policy tool to help the working poor is expected to come on stream in the final quarter of next year.

“The Low-income Working Family Allowance (LIFA), which awaits the approval of LegCo’s Finance Committee, is designed to promote employment, encourage self-reliance and tackle inter-generational poverty. Over 200,000 low-income working families comprising 710,000 people, with 188,000 being children, stand to benefit. The means-tested LIFA will cost \$3.1 billion a year in terms of allowance to be paid out but will cut Hong Kong’s poverty rate by 2.2%. This will be an iconic measure in our policy toolbox and underlines the Government’s determination in alleviating poverty,” he states.

Early career

Having been with the Government since leaving the University of Hong Kong in 1972, Mr Cheung stresses that he has thoroughly enjoyed every moment of his career.

He joined the civil service as an Information Officer in 1972 and changed course mid-stream after seven years to become an Administrative Officer in quest of wider challenges.

"I left Government Information Services with a lot of nostalgia as I had been trained and groomed there. I received rapid promotions and was posted to London for overseas training and secondment. It had paved a firm grounding for me in terms of exposure, skills in public relations, problem-solving and media handling. My final posting as Overseas Liaison Editor afforded me a global perspective and nurtured my political acumen," he states.

In the ensuing years, as an Administrative Officer, Mr Cheung served as Assistant Private Secretary to the Governor, Sir Edward Youde, during the Sino-British talks on Hong Kong's future after 1997 and as the first local officer to fill the District Officer (North) post (hitherto the exclusive preserve of expatriate officers). He also worked with the former Financial Secretary, Sir Hamish Macleod, during the Bank of Credit and Commerce International bank-run crisis in the 1990's. As Assistant Director-General of Trade, Mr Cheung was heavily involved in trade diplomacy and negotiation, particularly in lobbying intensively for Hong Kong's admission into the Asia Pacific Economic Cooperation (APEC).

After that, he held various senior policy making positions, including Deputy Judiciary Administrator, Deputy Head of the Central Policy Unit, Deputy Secretary for Education and Manpower, Commissioner for Labour, Director of Education and Permanent Secretary for Economic Development and Labour.

No short cut to paradise

Mr Cheung is known to be a hard worker and sees it as part of his philosophy in life.

"I have a strong appetite for hard work, but I am not a 'workaholic'. I firmly believe in the saying that 'no one owes you a living' and that there is no short cut to paradise. I always remind myself of the importance of discharging my duty with dedication, integrity, honesty, and perseverance, and in dealing with all and sundry with sincerity, courtesy and modesty. I am always prepared to listen, keep abreast of changes, embrace challenges and take the bull by the horns. I also try to keep a sense of proportion and humour. With a positive mindset, we can often unlock a lot of seemingly intractable problems and turn a crisis into an opportunity," he says.

Early riser and news hound

"I am up each day shortly before 6am and exercise whilst watching television news and head to the office at 7.30am," says Mr Cheung. "By about 8am I am already in fighting mode for a full 12-hour day. I am very fortunate to have a loving, considerate, understanding and devoted family that totally supports me."

Despite a hectic weekly work schedule that would leave most people physically exhausted and mentally spent, Mr Cheung is at heart a family man who tries to squeeze as much time as possible for his family. He is committed to physical fitness and heads to the Peak each Sunday morning (when he has no official engagements) where he enjoys nothing more than a long and brisk walk.

Mr Cheung reveals that he has no expensive tastes and leads a simple life. However, he confesses that he is "addicted to news and current affairs" and never lets go any good news commentaries, analysis and articles, whether print or electronic. "I consider myself very much a 'news hound', ever thirsty for the latest local and world news to keep myself up to speed," he quips.

Mr Cheung's penchant for journalism found expression in his chairmanship of the editorial board of the Civil Service Newsletter (CSN). He led the board for 12 years (the longest in CSN's history) from 1995 to 2007 until he became Secretary for Labour and Welfare.