



Commission of Poverty Summit 2015

Poverty Situation 2014

10 October 2015





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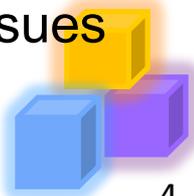
USE OF THE POVERTY LINE





Poverty line as an important policy tool

- ✦ The setting of the official poverty line was an unprecedented move to demonstrate the Government's commitment to poverty alleviation work
- ✦ This is the third annual update of the poverty situation report since the setting of the poverty line in 2013
- ✦ The annual update of the poverty line helps analyse the poverty situation, assess policy effectiveness and guide policy formulation
- ✦ The poverty line has been increasingly accepted by the community as an objective and common basis for discussion on poverty issues
- ✦ The poverty line analysis also inspires other relevant academic and policy studies to facilitate the community to examine poverty issues from different perspectives



The Poverty line inspires other follow-up studies to promote in-depth understanding of the poverty issues

- ✦ CoP conducted follow-up studies under the poverty line framework, which include :
 - Poverty situation of persons with disabilities (Completed and published)
 - Earnings mobility study (In progress)
 - Socio-economic characteristics of ethnic minorities (In progress)
 - Expenditure pattern of poor households (In progress)
- ✦ Related academic and policy studies conducted by other institutions, e.g. the study on determinants of poverty and potential interventions to alleviate poverty in Hong Kong by the University of Hong Kong which is funded by the Hong Kong Jockey Club under the HKSAR Chief Executive's Community Projects List



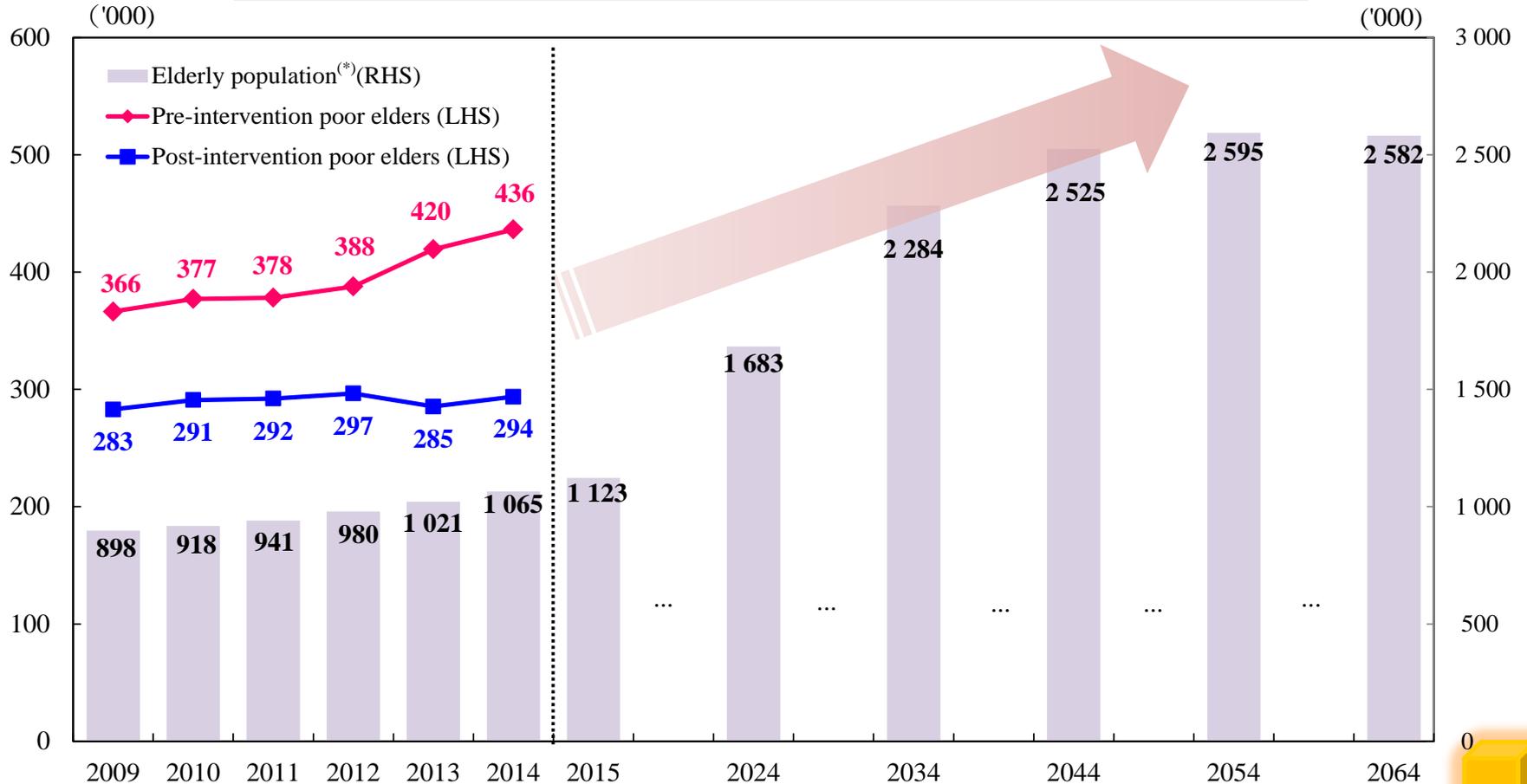
Limitations of the Poverty line

- ✦ Poor population always exist statistically under the concept of relative poverty
- ✦ Household Income as the single indicator without considering assets. “Income-poor, asset-rich” people may be defined as the poor. Poverty situation may be overstated
- ✦ In assessing the effectiveness of the policy intervention, only recurrent cash benefits are currently covered. The effectiveness of other policies, such as the highly-subsidised public housing, is not fully reflected
- ✦ The above limitations, coupled with the ageing population, will render limited room for significant improvements in poverty statistics. The community should have full awareness of this.



As the population continues to age, the poor population is expected to expand alongside the increase of the number of retired elders, leaving limited room for further decline in poverty statistics

Number of poor elders, 2009-2014 and projected number of elders, 2015-2064



Note: (*) refers to the overall mid-year number of elders (excluding foreign domestic helpers) in Hong Kong; figures of 2009-2014 are actual figures, figures of 2015 and onwards are projected figures.

Sources: General Household Survey, Demographic Statistics Section and Hong Kong Population Projections 2015-2064, Census and Statistics Department.

Poverty line does not carry the function of poverty alleviation. Government's intervention should help alleviate and prevent poverty at the same time

- ✚ Eligibility of public welfare programmes are not directly linked with the poverty thresholds
- ✚ Welfare programmes are not just concerned those under the poverty line. They can also assist the at-risk-of-poverty-households (such as those with incomes between 50% to 60% of median) to prevent them from falling into the poverty trap



THE 2014 POOR POPULATION STATISTICS KEY ANALYSIS





Hong Kong's economy sustained moderate growth in 2014

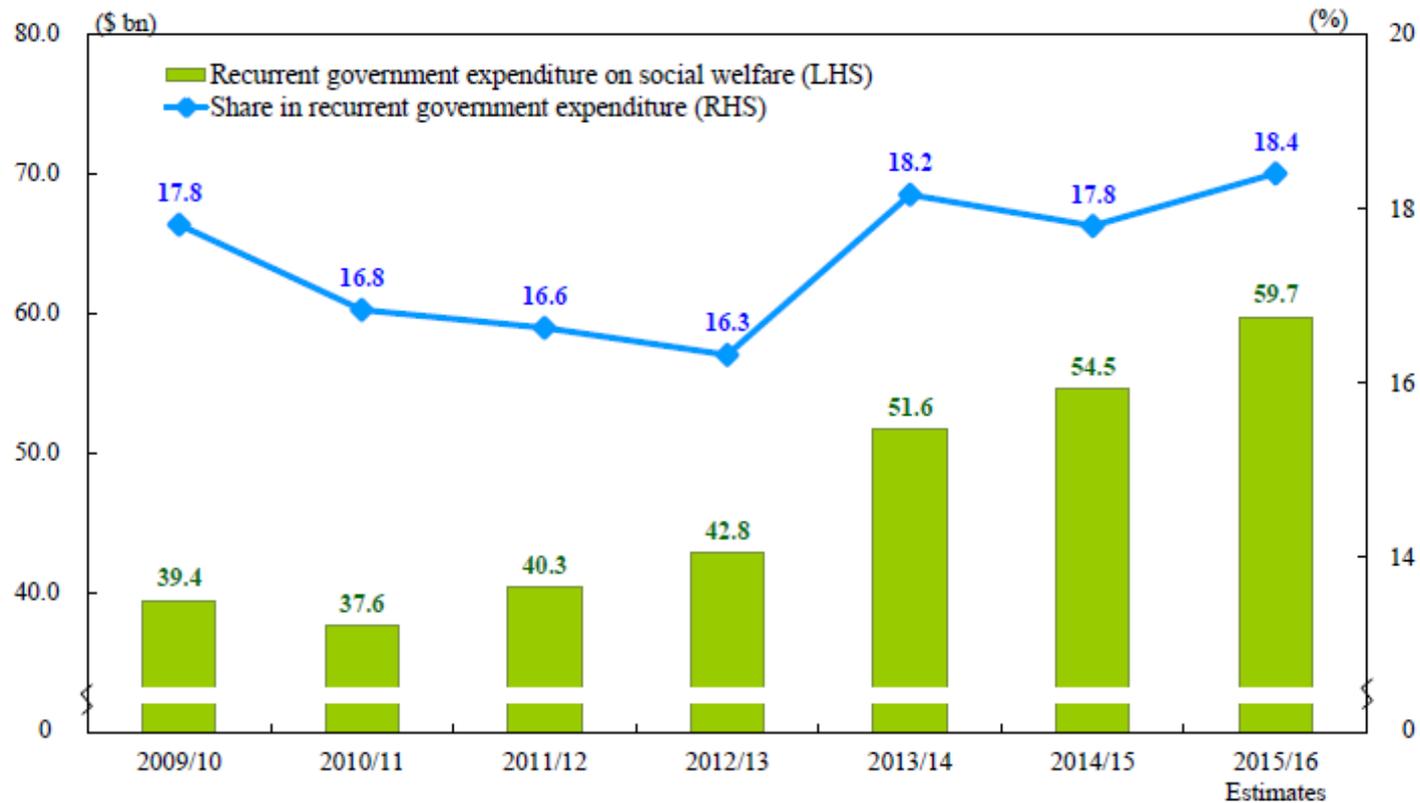
- ✦ Labour demand remained sturdy
 - Growth in employment : 21 200
 - Record-high total employment : 3 749 200
 - Unemployment rate at low level : 3.3%

- ✦ Continued earnings growth for grassroots workers
 - Average employment earnings for full-time employees in the lowest decile group increased by 4.7% compared to that of 2013



Government continues to increase expenditure on poverty alleviation

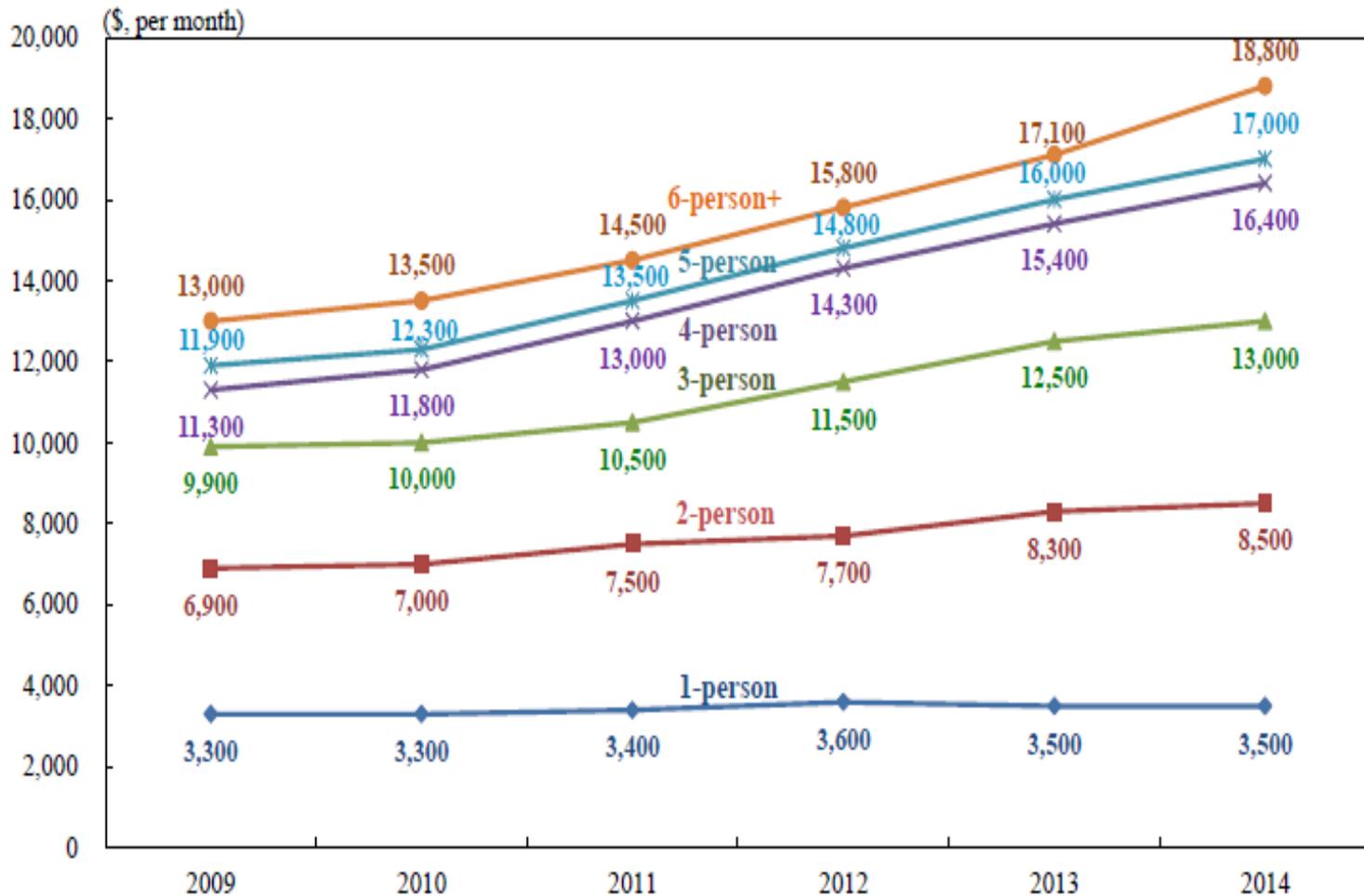
Recurrent government expenditure on social welfare, 2009/2010 - 2015/16



Note: Figures for 2013/14 and before are actual figures, while those for 2014/15 are revised estimates.
Source: Financial Services and the Treasury Bureau.



Poverty thresholds move up as household income increases



Source: General Household Survey, Census and Statistics Department.

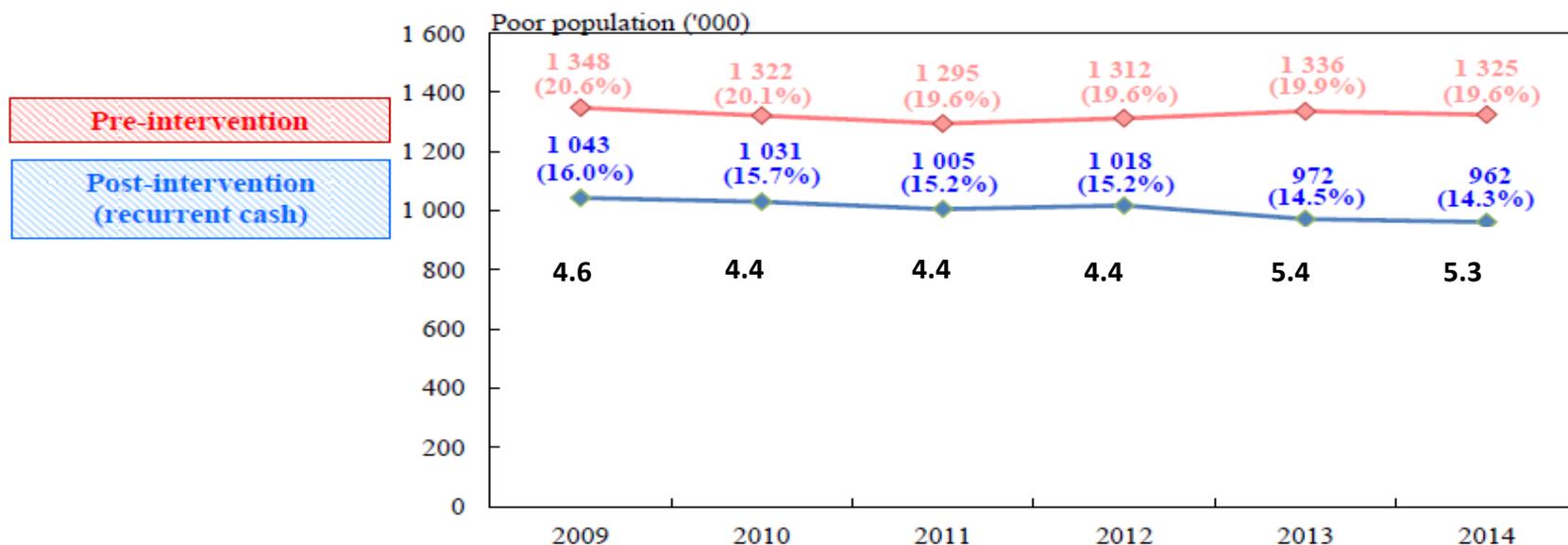
The poverty line pegged at 50% of the median monthly household income before government interventions



After recurrent-cash intervention, the poor population and poverty rate in 2014 were 0.96 million and 14.3% respectively, both at the record-low level in the past six years



Poor population and poverty rate after taking into account recurrent cash benefits, 2009-2014



Poor households ('000)	2009	2010	2011	2012	2013	2014
Pre-intervention	541	536	530	541	555	555
Post-intervention (recurrent cash)	406	405	399	403	385	383

Note : () Figures in parentheses denote the corresponding poverty rates.

Figures in black denotes the reduction in the poverty rate

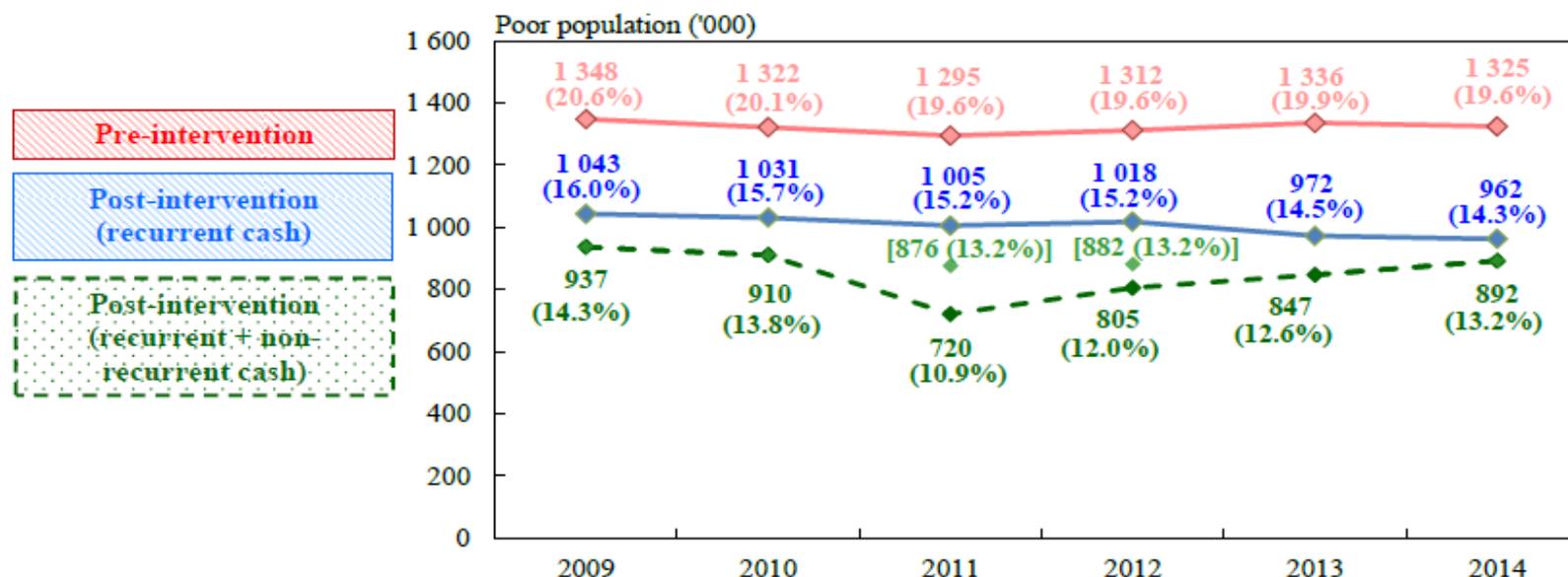
Source : General Household Survey, Census and Statistics Department.



Non-recurrent cash (one-off) relief measures also help alleviate poverty



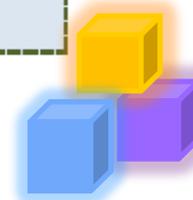
Poor population and poverty rate after taking into account non-recurrent cash benefits, 2009-2014



Poor households ('000)	2009	2010	2011	2012	2013	2014
Pre-intervention	541	536	530	541	555	555
Post-intervention (recurrent cash)	406	405	399	403	385	383
Post-intervention (recurrent + non-recurrent cash)	361	354	281 [339]	312 [341]	333	355

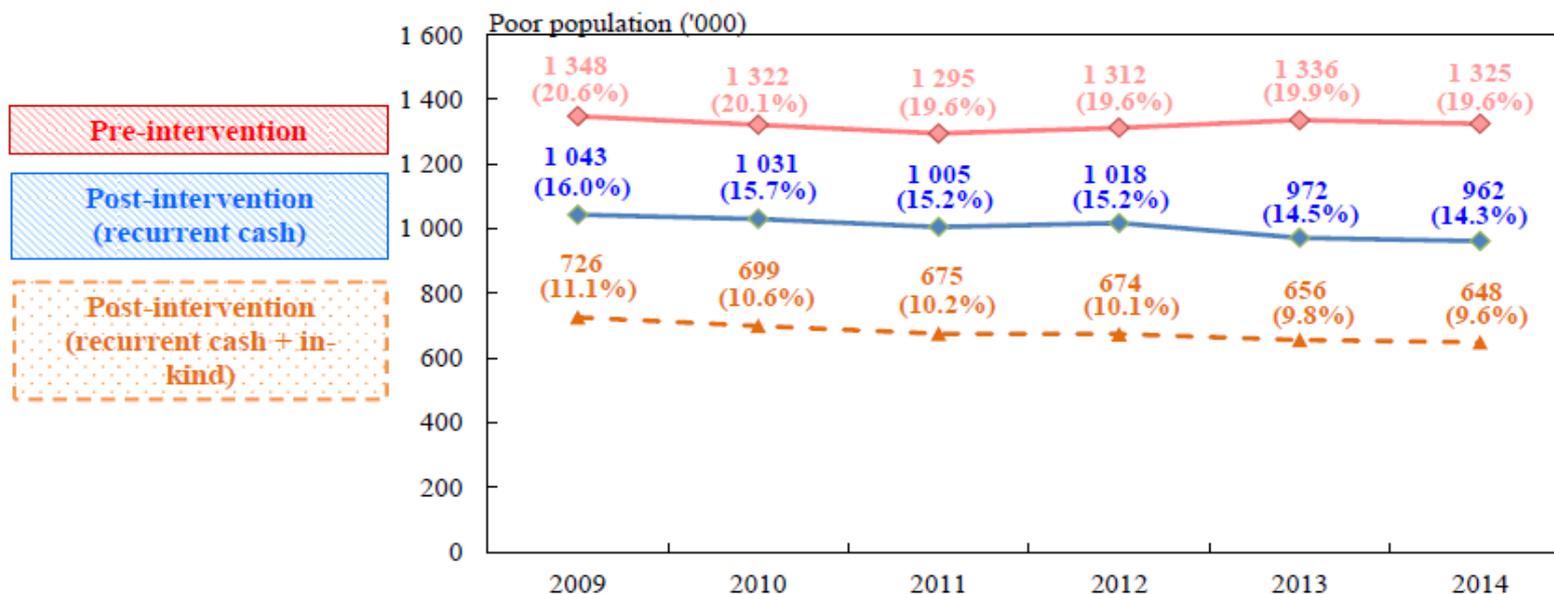
Notes: () Figures in parentheses denote the corresponding poverty rates.
 [] Figures in square brackets denote the corresponding poverty figures with the effect of "Scheme \$6,000" excluded. As "Scheme \$6,000" was covered in 2011 and 2012 only, there were no corresponding figures for 2013 and 2014.

Source: General Household Survey, Census and Statistics Department.



Non-cash benefits (mainly public rental housing) carry notable poverty alleviation impact

Poor population and poverty rate after taking into account in-kind benefits, 2009-2014



Poor households ('000)	2009	2010	2011	2012	2013	2014
Pre-intervention	541	536	530	541	555	555
Post-intervention (recurrent cash)	406	405	399	403	385	383
Post-intervention (recurrent cash + in-kind)	284	278	271	272	269	271

Note: () Figures in parentheses denote the corresponding poverty rates.

Source: General Household Survey, Census and Statistics Department.



Overview of the poverty situation in 2014



	Poor households	Poor population	Poverty rate
Pre-intervention	0.56 million (0.55 million)	1.32 million (1.34million)	19.6% (19.9%)
Post-intervention (recurrent cash)	0.38 million (0.38 million)	0.96 million (0.97 million)	14.3% (14.5%)
Post-intervention (recurrent cash + non-recurrent cash)	0.36 million (0.33 million)	0.89 million (0.85 million)	13.2% (12.6%)
Post-intervention (recurrent cash + In-kind support)	0.27million (0.27million)	0.65 million (0.66 million)	9.6% (9.8%)

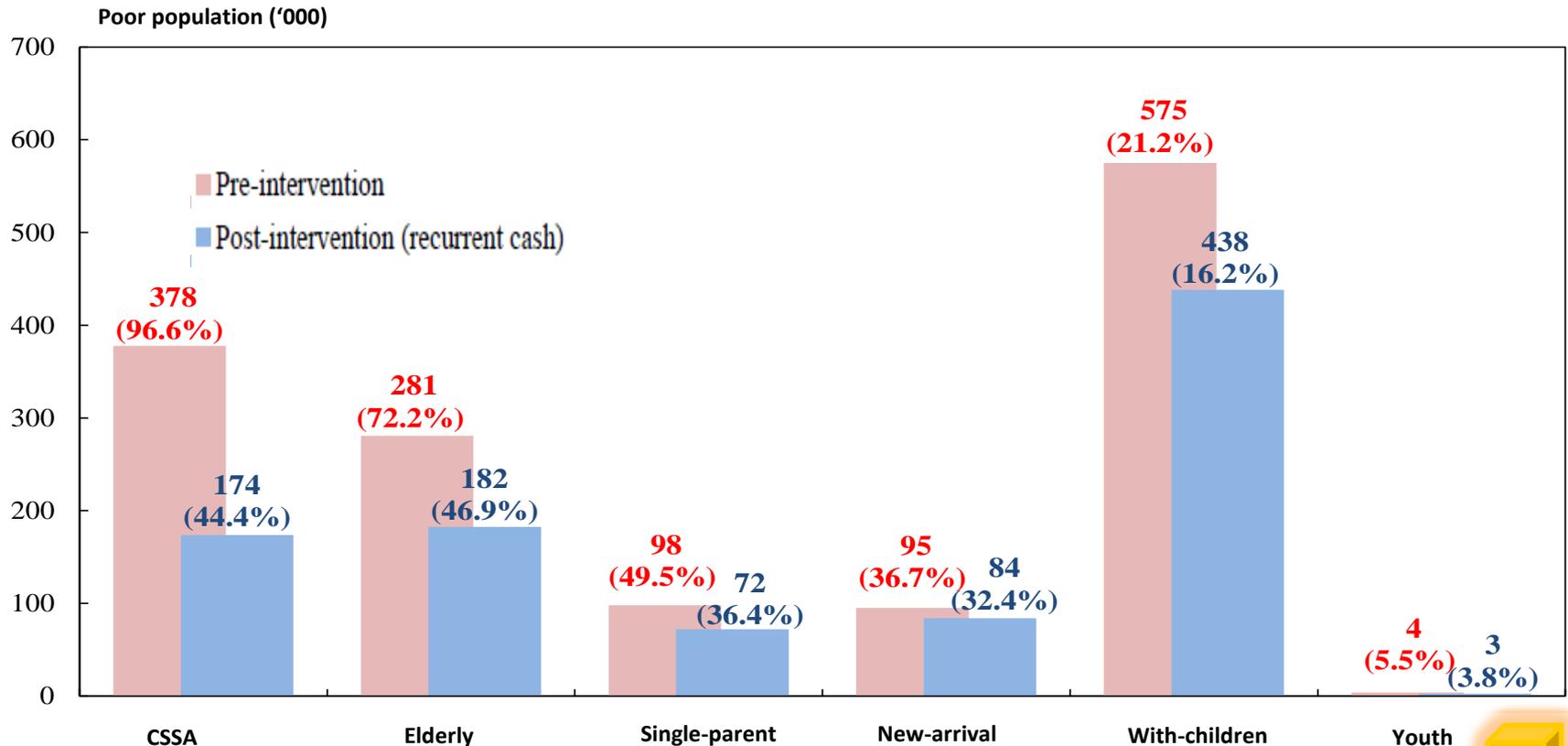
Note : () Figures in 2013.

Source : General Household Survey, Census and Statistics Department.



There were improvements in the poverty situation across different social groups

- There were improvements in the poverty situation across-the-board in 2014. The number of poor population and poverty rate dropped in most of the social groups after policy intervention



Note : () Figures in parentheses denote the corresponding poverty rates.

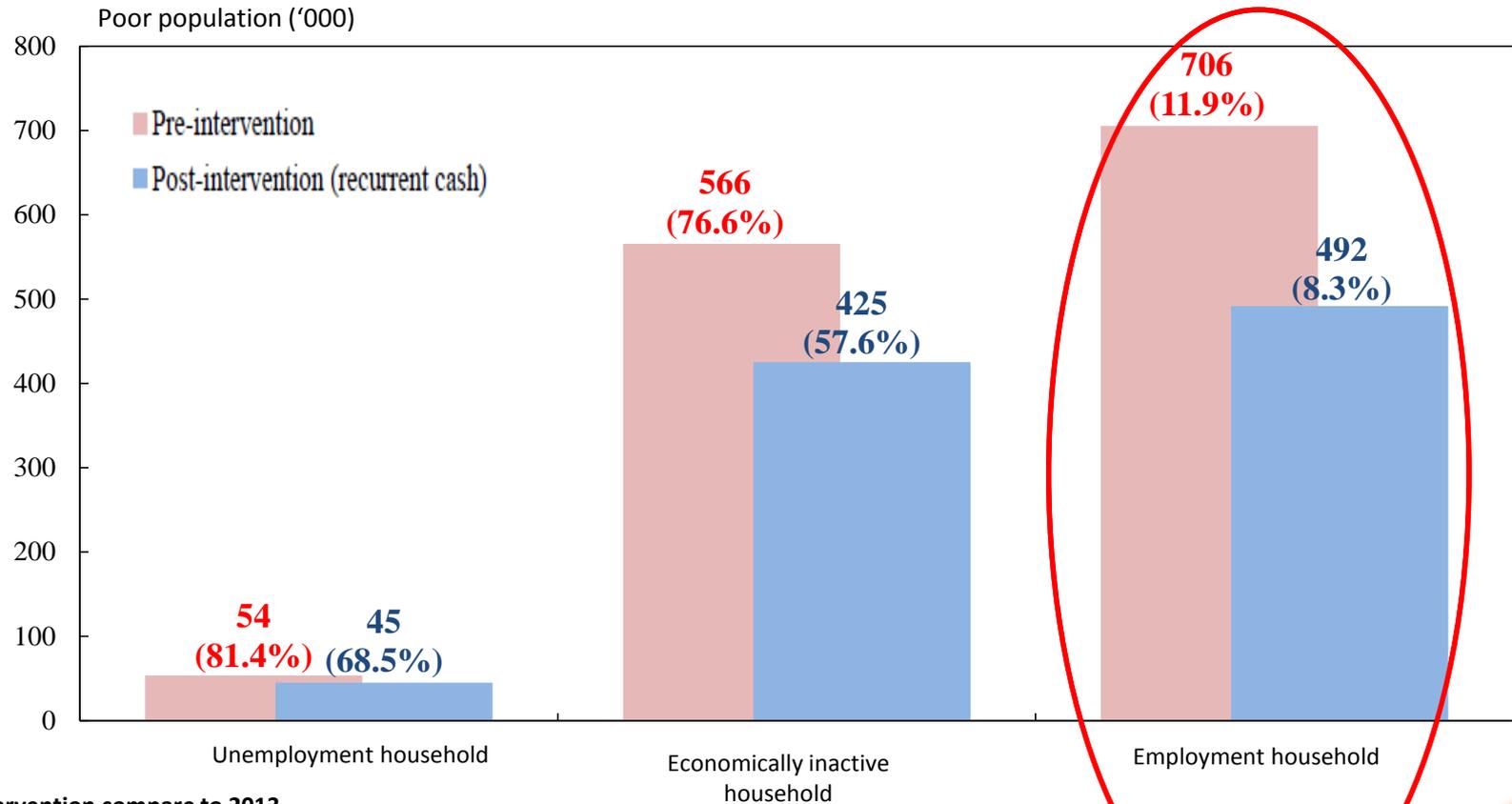
Source : General Household Survey, Census and Statistics Department.

There were improvements in the poverty situation across different social groups (Continued)

- Compared to 2013, the overall poverty rate reduced by 0.2 percentage point in 2014 whereas the reduction in the poverty rates for different social groups ranged from 0.2 to 5.6 percentage points.

Social groups	Change of Poverty Rate (% point) (Comparison between 2013-2014)
CSSA	-5.6
Elderly	-2.1
Single-parent	-0.4
New-arrival	-4.1
With-children	-0.3
Youth	-0.2

The poverty rate of non-CSSA working households was far lower than that of other households and improvement has been made since 2013



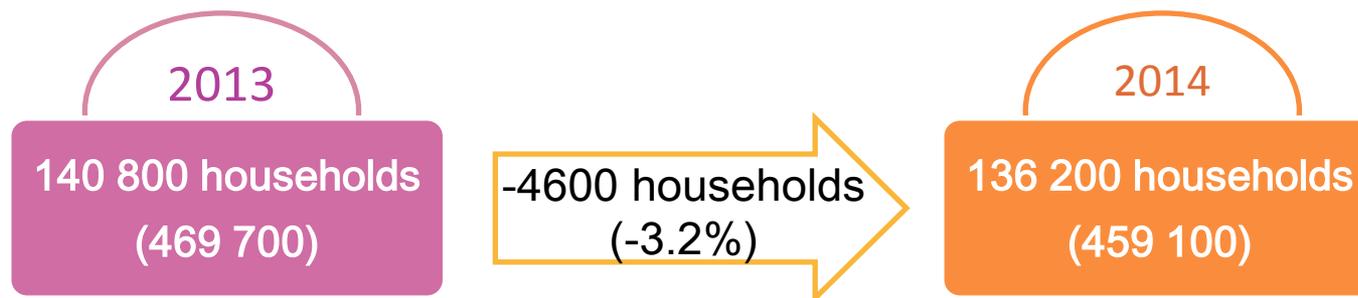
After policy intervention compare to 2013

Poor population ('000)	-2	+17	-25
Poverty rate (percentage point)	+1.9	-0.6	-0.4

Note : () Figures in parentheses denote the corresponding poverty rates.

Source : General Household Survey, Census and Statistics Department.

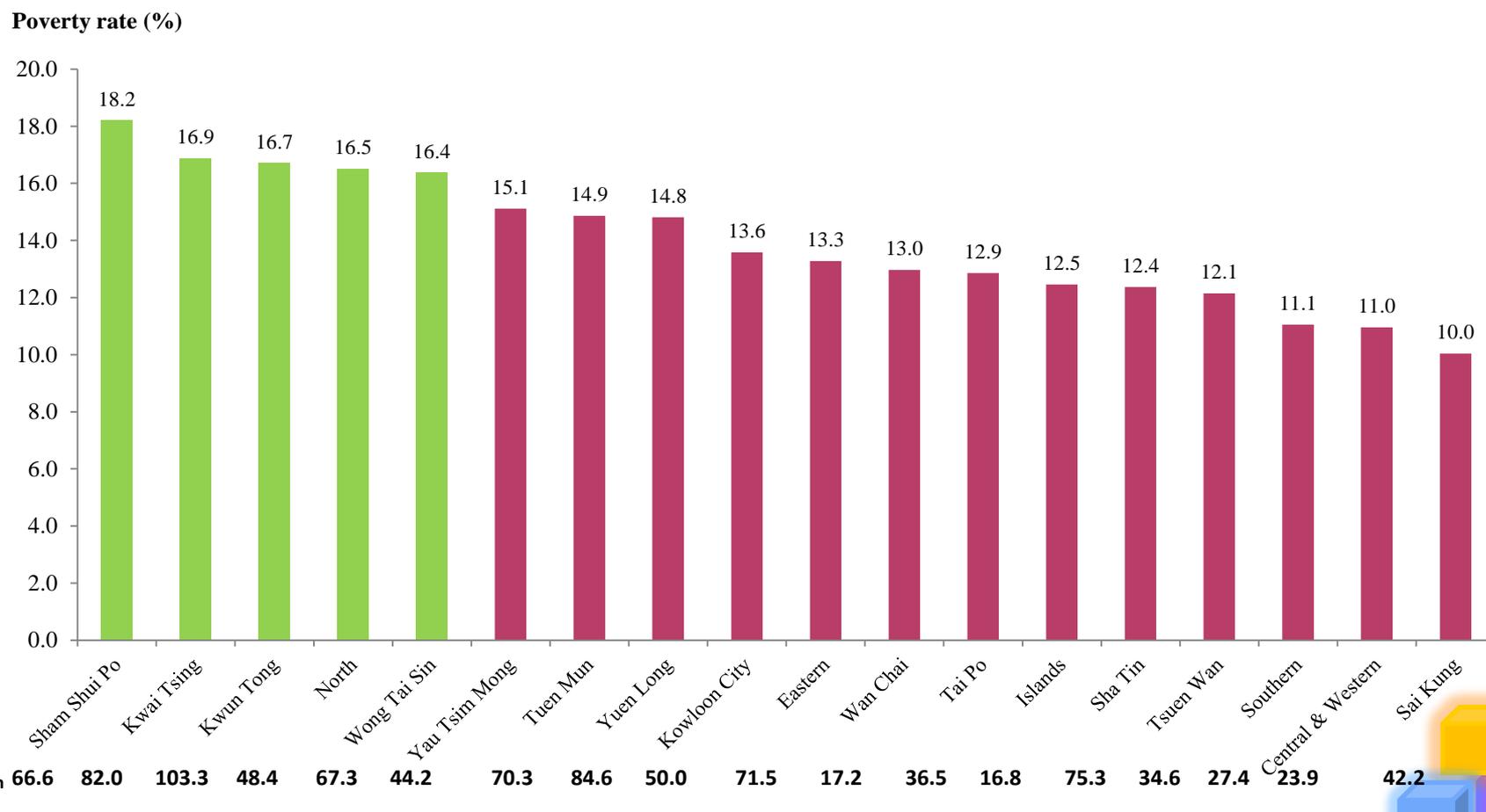
The poverty situation of non-CSSA working households remains stable but is still a concern



- ✦ The number of non-CSSA households reduced slightly to about 140,000 in 2014. They were still a concern
- ✦ These are large households. More than 80% are with 3 members or more. There is usually one working person in these households with over 30% of the members are children or elderly. Family burden is heavy
- ✦ The Low-income Working Family Allowance can provide targeted assistance to these families. The Allowance is expected to benefit 0.2 million households (some 0.7 million people including 0.17 million children and youth) and reduce the poverty rate by 2 percentage points. This measure will incur a government expenditure of \$3 billion per annum

Those districts with higher poverty rate also have a higher proportion of elderly population

Poverty rate by District Council district, 2014



Note : Refer to poverty rate after recurrent cash benefits

OBSERVATIONS AND CONCLUSIONS



Observation (1) :

Employment is the best route out of poverty. Self-reliance is still a core value of Hong Kong people

- Compared to 2013, there was a notable drop in the poor population in the working, unemployed and CSSA households–

Pre-intervention poor population			
	2013	2014	Annual changes
Working households	729 100	705 500	- 23 600
Unemployed households	59 700	53 600	- 6 000
CSSA households	397 100	377 800	- 19 300

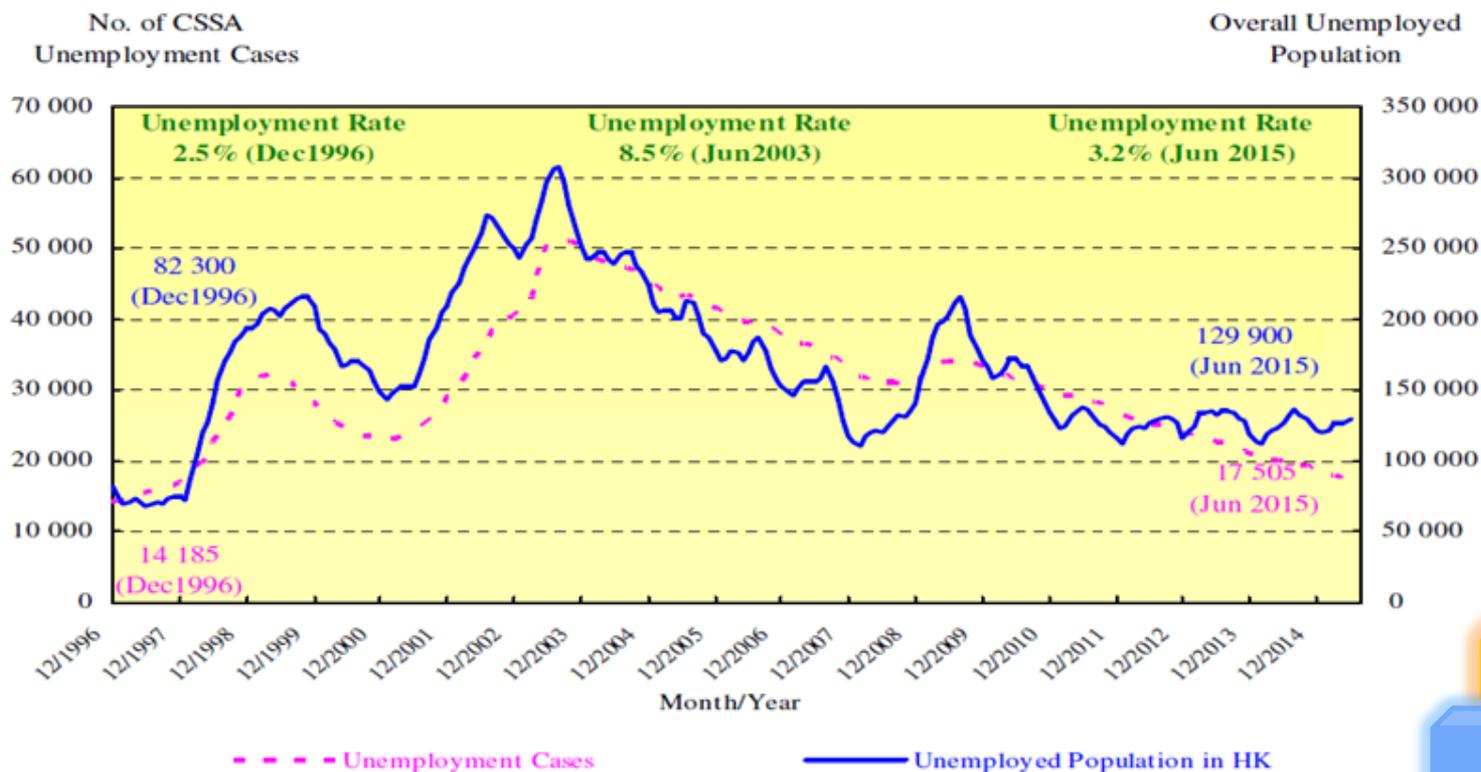
- This demonstrates that many people are willing to join or re-enter the workforce amidst a booming economic environment. Given the sturdy labour demand, lower income households can also benefit through growth in earnings

Observation (1) :

Employment is the best route out of poverty. Self-reliance is still a core value of Hong Kong people (Continued)

As at August this year, CSSA caseload has been declining continuously for 53 months to 248 247 cases. Low earnings and unemployed cases also see a continuous decrease for about 6 years to record-low levels at 6 800 and 17 400 cases respectively

- The trends of CSSA caseload and the overall unemployment rate reflect that many CSSA recipients will choose to work and leave the CSSA net when the economic situation is good



Observation (1) :

Employment is the best route out of poverty. Self-reliance is still a core value of Hong Kong people (Continued)

✚ Policy implications –

- Sustaining economic development and creating employment will help alleviate poverty and the problem of insufficient labour force
- Provide incentive to encourage employment
→ Low-income Working Family Allowance
- Diversifying the economic base to provide more quality employment opportunities for the grassroots, particularly the young people to promote social mobility

Observation (2) :

More targeted poverty alleviation measures bring about greater effectiveness.

Public rental housing has prominent impact on poverty alleviation

- Public rental housing (PRH) involves substantial public resources. Though it is not a cash subsidy, it provides tangible housing assistance to the underprivileged. Its effectiveness is higher than CSSA –

	Estimated transfer (\$Bn) in 2014	Proportion of transfer enjoyed by poor households (%)	Reduction in poverty rate (% point)	Reduction in poor population
CSSA	14.8	97.6	3.0	204 200
Old Age Living Allowance	11.0	45.5	1.6	107 800
Disability Allowance	2.5	35.8	0.3	24 500
Old Age Allowance	3.1	35.3	0.2	16 600
PRH	29.7	35.1	3.7	251 600



Observation (2) :

More targeted poverty alleviation measures bring about higher effectiveness.

Public rental housing carries prominent impact in poverty alleviation (Continued)



+ Policy implications -

- Under the constraints of public finance, public resources should be used properly on those who cannot take care of themselves
- PRH will continue to be an important measure for the Government to improve the living of the grassroot
- We will explore enhancing the analytical framework of the poverty line by incorporating the effectiveness of PRH in the main analysis



Observation (3):

More in-depth analysis on the elderly poverty issue is required to identify those in need

- ✦ Elderly population increased by around 44 000 in a year from 2013. Our population is ageing fast and increasing at a rate of about 60 000 per year. Elderly population will grow by around 15 percentage points in the coming 20 years
- ✦ Most elders are not working and they will be regarded as poor statistically. Elderly poverty rate will go up and the elderly poverty situation will be overstated. The room for further decline in the overall poverty rate will be limited

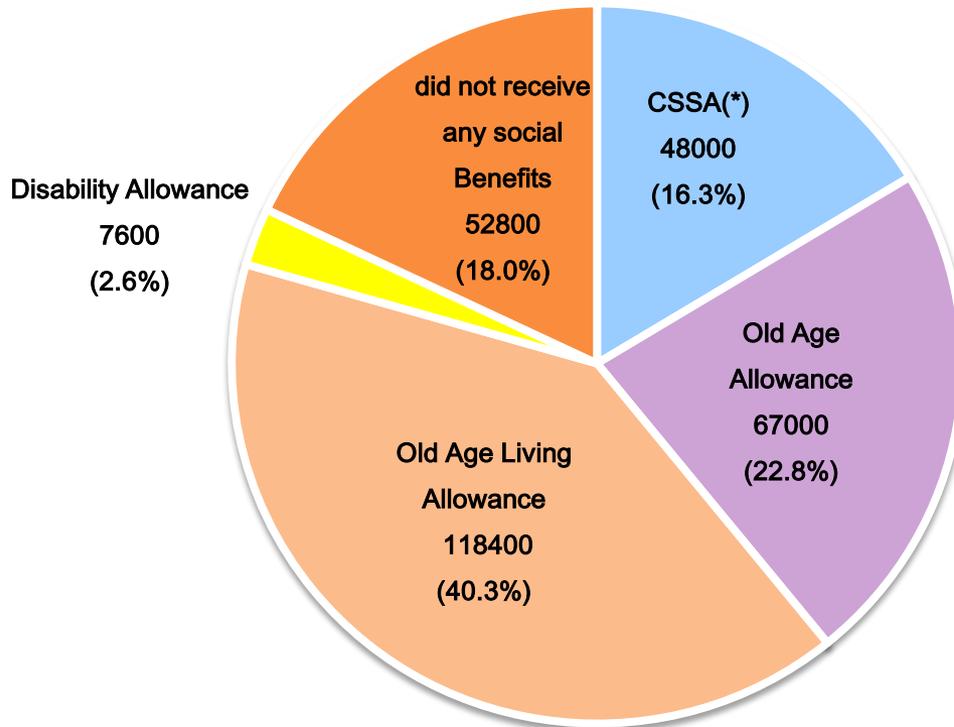
	2009	2014	Population growth rate	Growth rate (%)
Pre-intervention poor elderly population	366 500	436 400	70 000	19.1
Post-intervention poor elderly population	282 900	293 800	10 900	3.9
Number of elders receiving CSSA	109 200	116 500	7 300	6.6
Proportion of Non-CSSA elders claiming to have financial need	18.0% (2010)	14.2% (2014)		

- ✦ In 2014, 20 300 recipients of Old Age Living Allowance claimed that they still have financial need.

Observation (3):

More in-depth analysis on the elderly poverty issue is required to identify those in need (Continued)

- Two points should be noted in analysing elderly poverty issue
- Firstly, the coverage of social security is comprehensive with over 80% of poor elders being benefited



Poor elders after policy intervention by social security coverage , 2014

Note : These are estimates from GHS and may not match the administrative records of the Social Welfare Department.

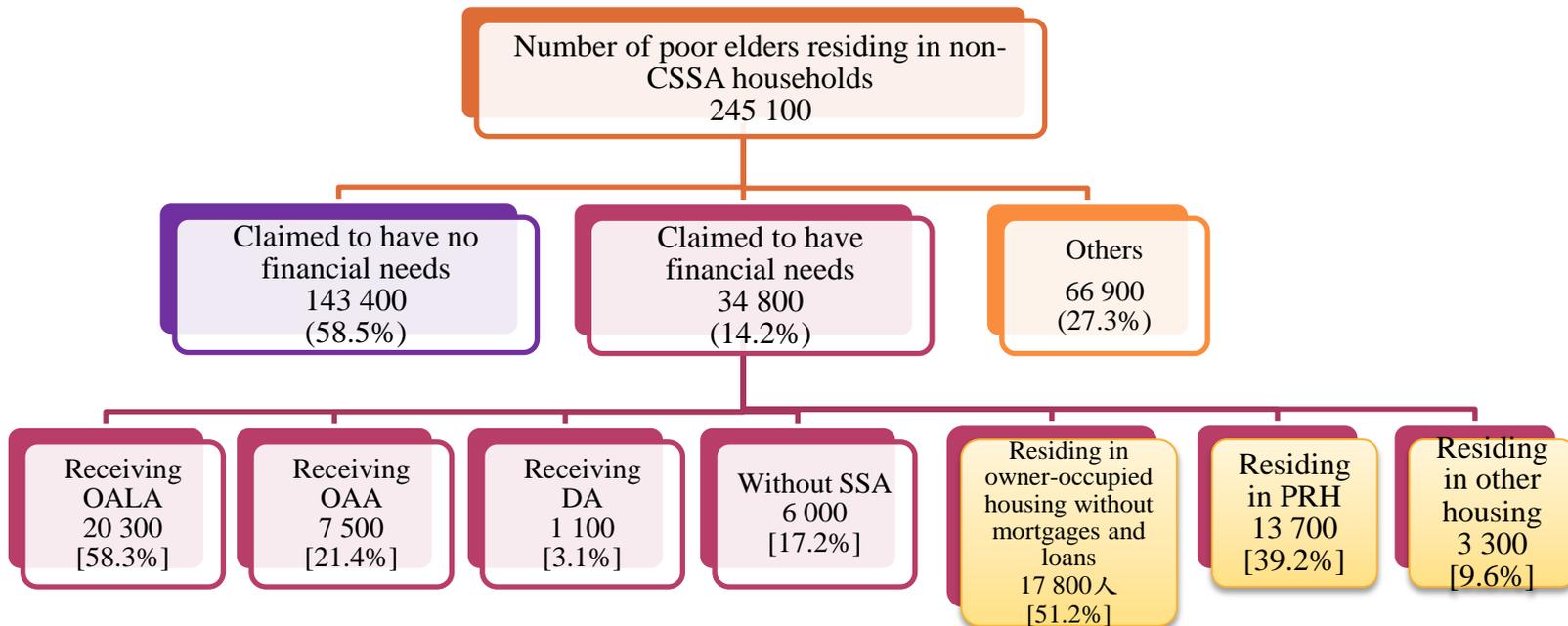
(*) : Refers to elders receiving CSSA. Since not all elders living in CSSA households receive CSSA, the figures may differ

Source: General Household Survey, Census and Statistics Department

Observation (3):

More in-depth analysis on the elderly poverty issue is required to identify those in need (Continued)

- Secondly, over half of the about 250 000 poor elders not on CSSA indicated that they do have financial need. Amongst the less than 35 000 elders who claimed to have financial need, over 20 000 were on OALA. This reflects that not all elders under the poverty line require further assistance
- A point to note here, retired elders without employment income, including the “income-poor, asset-rich” will be regarded as poor under the poverty line analysis. The poverty situation will be overstated.



Observation (3):

More in-depth analysis on the elderly poverty issue is required to identify those in need (Continued)



✚ Policy implications -

- To tackle the issue of elderly poverty effectively, we should focus on the poor elders who claimed to have financial need
- Retirement protection is interrelated to the issue of elderly poverty. We should not only focus on financial assistance, support and medical services and elderly care are of equal importance
- We look forward to the public discussion under the public consultation on retirement protection to be launched by the end of this year



The poverty alleviation work of the current-term Government yields significant results

- ✚ The have been notable reductions in the number of the poor population and poverty rate after policy intervention since 2012. Poor population stood at 0.96 million in 2014, below the threshold of 1 million for two consecutive years.
- ✚ Poverty rate reduced by 5.3 percentage points after intervention in 2014. This rate of reduction is much higher than that in the pre-2012 period, reflecting the effectiveness of the poverty alleviation work of the Government.



Continue to implement the poverty alleviation blueprint of the current-term Government

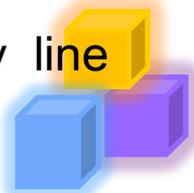


- ✦ Encourage employment and promote self-reliance
- ✦ Explore appropriate policy measures to support the needy groups through CoP's policy platform
- ✦ Launch more assistance programmes under the Community Care Fund
- ✦ Encourage the implementation of social innovation projects to tackle social issues



Looking forward

- ✦ In view of the ageing population, coupled with the impact of a volatile domestic economy on grassroots employment, poverty alleviation work will become more challenging
- ✦ Continue to strengthen education and training and promote economic development to provide more quality employment opportunities, particularly for helping youth to move upwards along the social ladder in accordance with the CE's vision
- ✦ Launch a 6-month public consultation on retirement protection in December to gauge public views on how to improve the living for the elderly people in need
- ✦ Implement the Low-income Working Family Allowance in the second quarter of 2016. Its effectiveness will be reflected in the poverty situation report to be published in 2017
- ✦ Continue to monitor the poverty situation and enhance the poverty line analytical framework





Thank you

