

The 15th Commission on Poverty Meeting

Poverty Situation in Hong Kong in 2013

29 November 2014

The current-term Government commits to poverty alleviation work

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|----------------|--|
| 1 Dec 2012 | Re-establishment of the Commission on Poverty (CoP) |
| Since Jan 2013 | Relaxation of the eligibility criteria for the Work Incentive Transport Subsidy Scheme (WITS) |
| 1 Apr 2013 | Implementation of the Old Age Living Allowance (OALA) |
| 21 Jun 2013 | LegCo approved the Government's proposal to inject \$15 billion into the Community Care Fund (CCF) |
| 28 Sept 2013 | 1 st CoP Summit was held
Announcement of the first official Poverty Line |
| 15 Jan 2014 | Poverty alleviation blueprint in the 2014 Policy Address |

Government's vision on poverty alleviation

- People capable of working should be self-reliant while the social security and welfare should help those in need on the basis that such assistance is reasonable and sustainable

Key initiatives under the poverty alleviation blueprint

- Poverty Alleviation Strategy: Support employment, care for children
- Major items
 - Introducing the Low Income Working Family Allowance (LIFA)
 - Improvements to the Comprehensive Social Security Assistance (CSSA)
 - Enhancing upward mobility for children in low-income families
 - Regularisation of 7 CCF programmes in 2014/15 which benefit grassroot students, pre-school children on the waiting list for rehabilitation services, persons with severe disabilities and CSSA recipients
 - Strengthening support for ethnic minorities
 - Enhancing services for persons with disabilities
 - Introducing more targeted programmes under CCF for the needy families

The Poverty Line provides solid foundation for poverty alleviation work

- The three major functions of the Poverty Line: analyse the poverty situation, assist in policy formulation, assess policy effectiveness
- On the basis of the needy groups identified through the Poverty Line analysis, the 2014 Policy Address outlined a poverty alleviation blueprint which put forward initiatives covering a wide range of areas and benefiting different target groups
- Monitor the poverty situation and assess the effectiveness of poverty alleviation strategy through regular updates of the Poverty Line analysis

Basic concepts of the Poverty Line

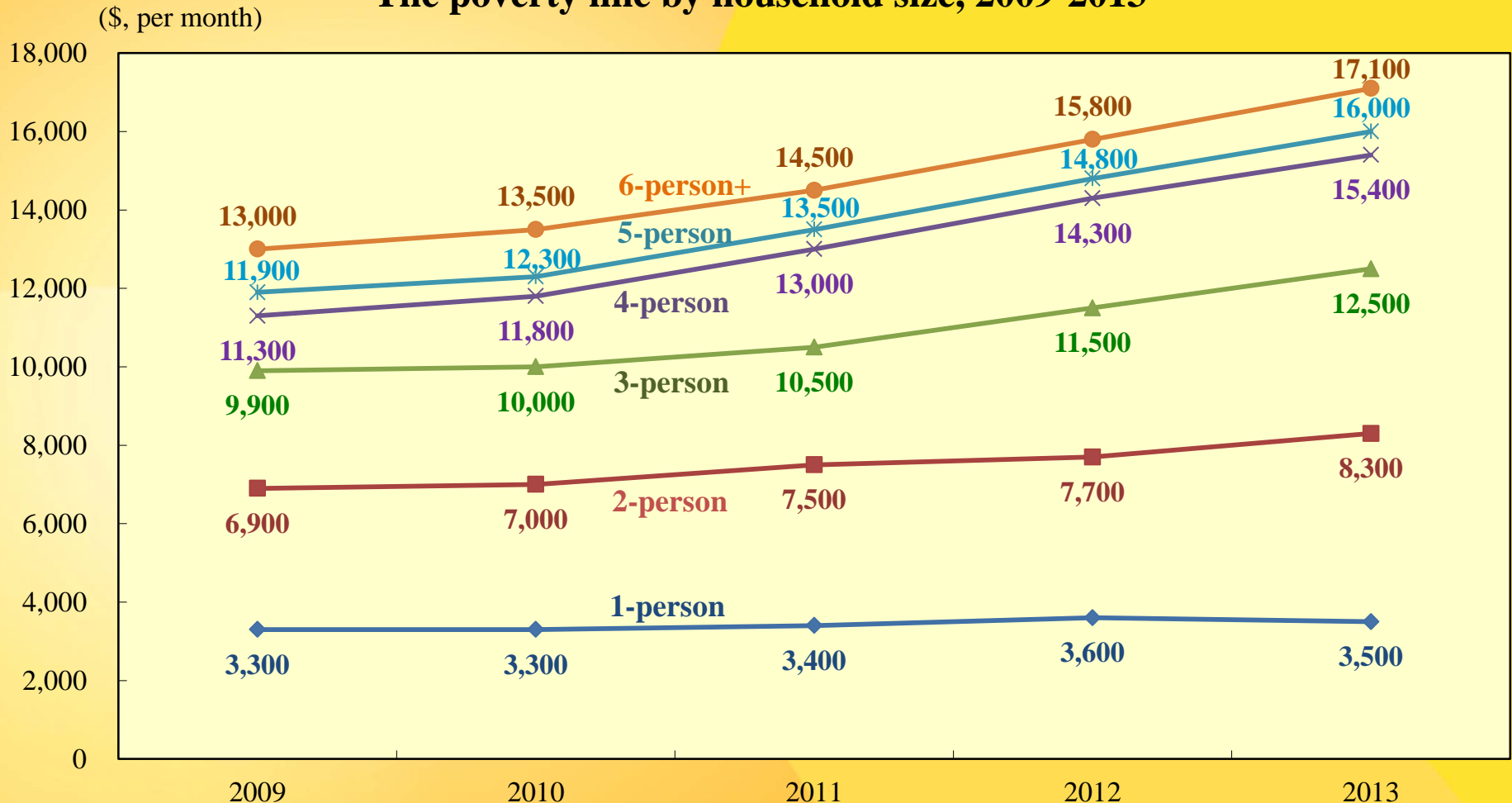
- Adopts the concept of “relative poverty” and the Poverty Line pegged at 50% of the median monthly household income before tax and social benefits transfers (i.e. pre-government policy intervention)
- Comparable internationally and is in line with current approaches used by local non-governmental organisations
- Limitations of the Poverty Line
 - Poor population always exists statistically
 - Takes income as the single indicator without considering asset and liabilities. Those who are “income-poor, asset-rich” may be defined as the poor
 - Does not carry the function of poverty alleviation, should not be directly linked to the eligibility of social assistance schemes

Key factors affecting the poverty situation in 2013

- Robust labour market: Increase in new jobs, total employment reached record high, low unemployment rate
- Real income growth for grassroot workers : The hourly statutory minimum wage rate increased from \$28 to \$30 in May 2013
- Full implementation of the OALA: 420 000 elderly beneficiaries
- Improvements to other Assistance Schemes: Implementation of the improvements to the WITS

Poverty thresholds moved upwards as a result of a sturdy labour market

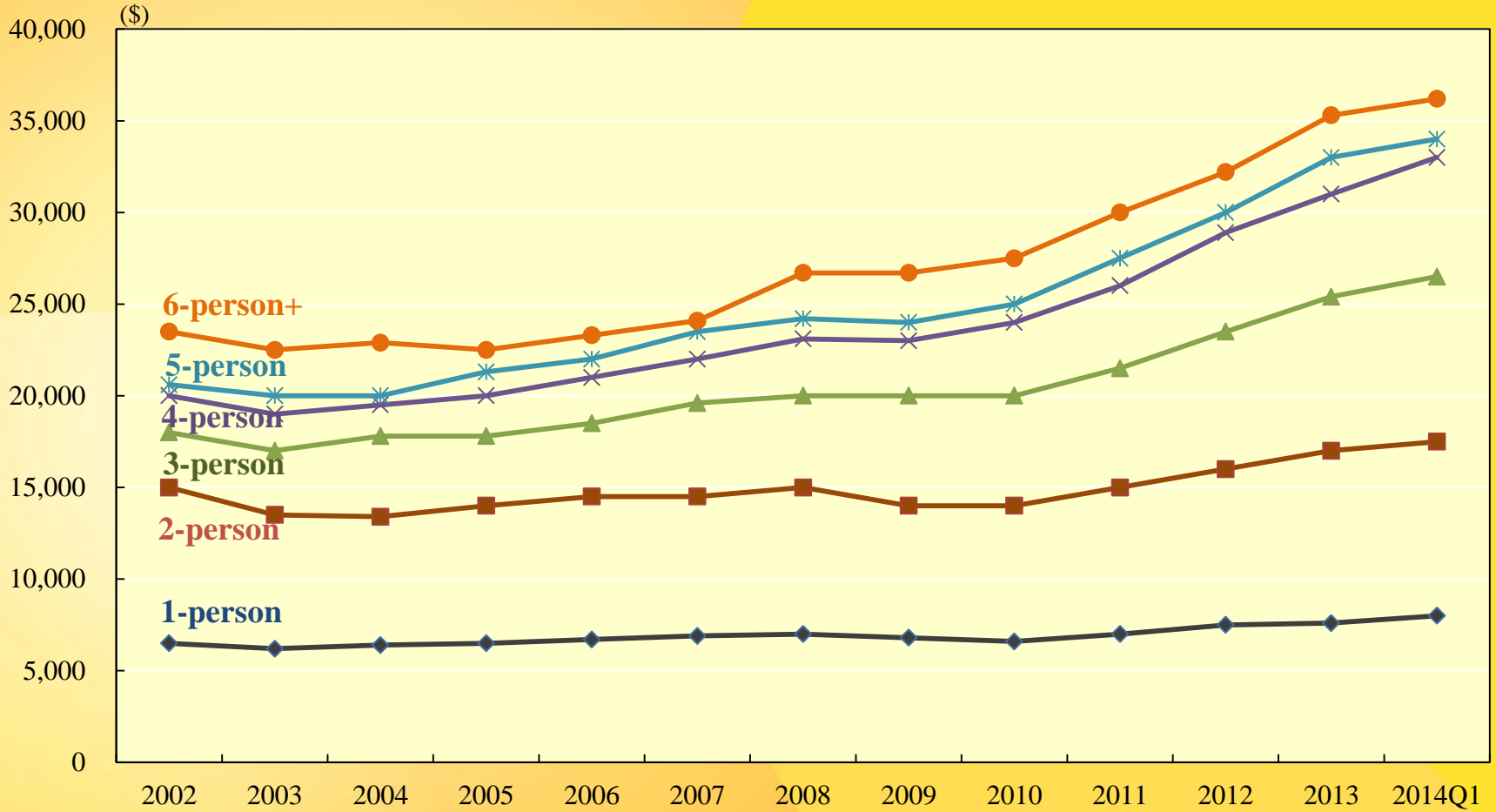
The poverty line by household size, 2009-2013



Source: General Household Survey, Census and Statistics Department.

The Poverty Line does not always rise

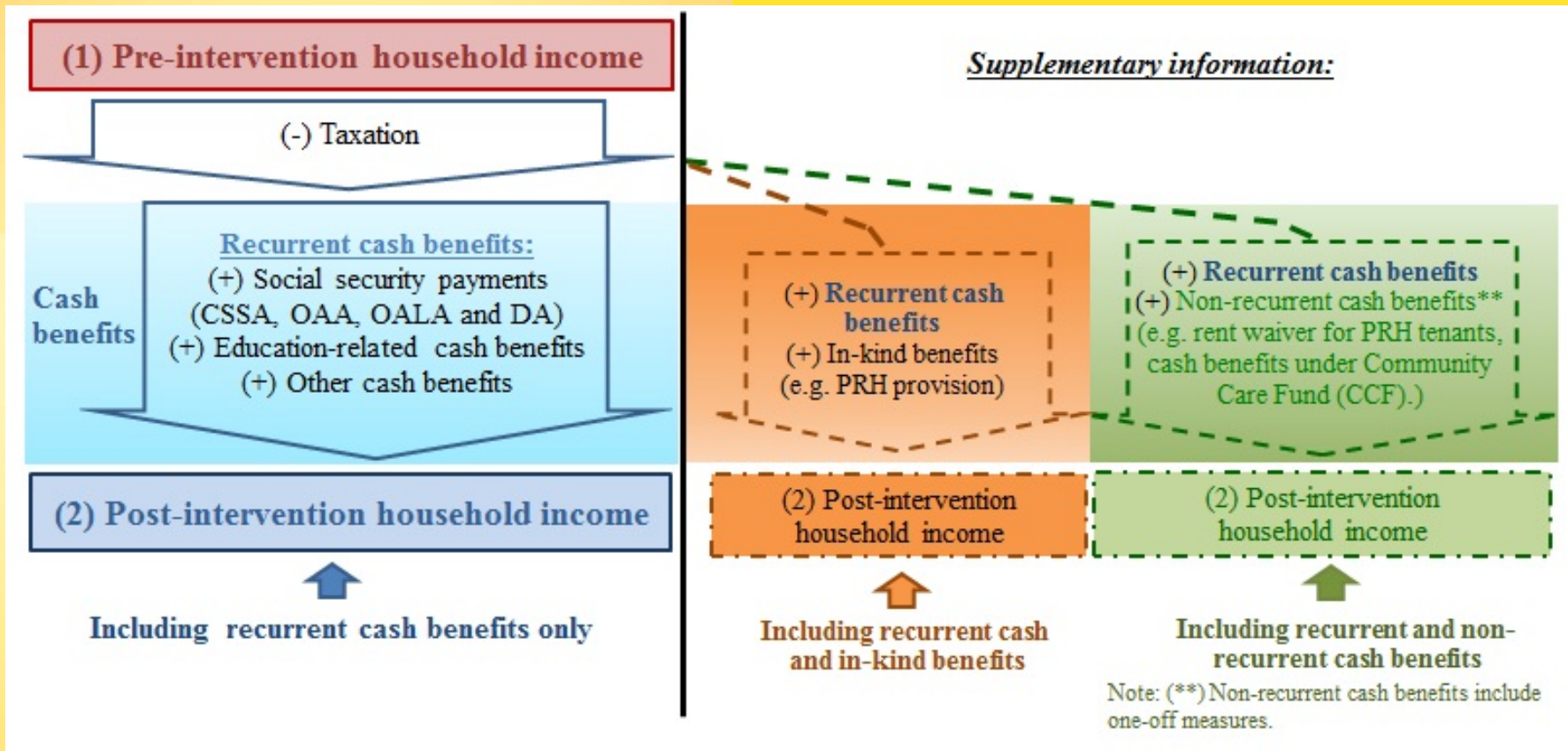
Median monthly household income* by household size, 2002-2013



Note: (*) These are regularly published figures and exclude foreign domestic helpers.

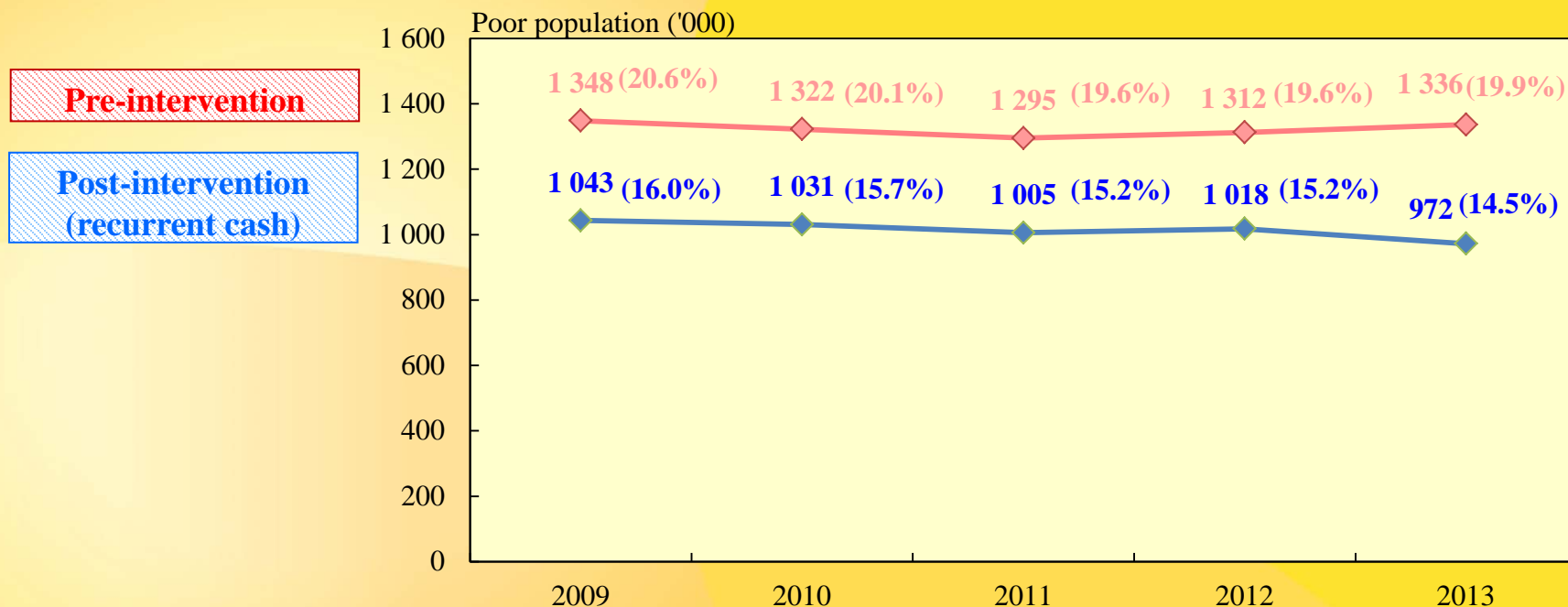
Source: General Household Survey, Census and Statistics Department.

Estimation of poor population: schematic representation of pre- and post-intervention household income



After recurrent-cash intervention, the poor population and the poverty rate were 972 000 and 14.5% respectively, both at the record low level (with analysis covered the last 5 years)

Poor population and poverty rate, 2009-2013



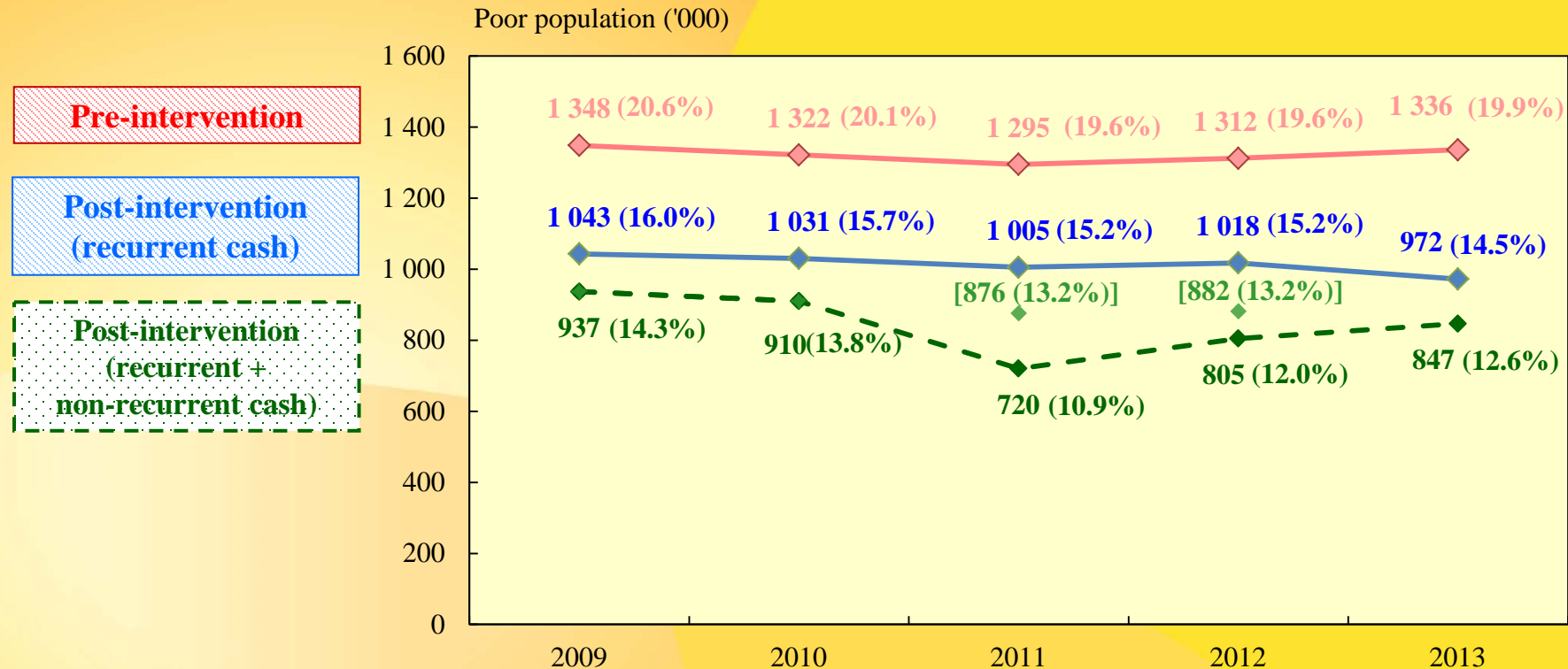
Poor households ('000)	2009	2010	2011	2012	2013
Pre-intervention	541	536	530	541	555
Post-intervention (recurrent-cash)	406	405	399	403	385

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

Source: General Household Survey, Census and Statistics Department.

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

Poor population and poverty rate after taking into account non-recurrent cash benefits, 2009-2013



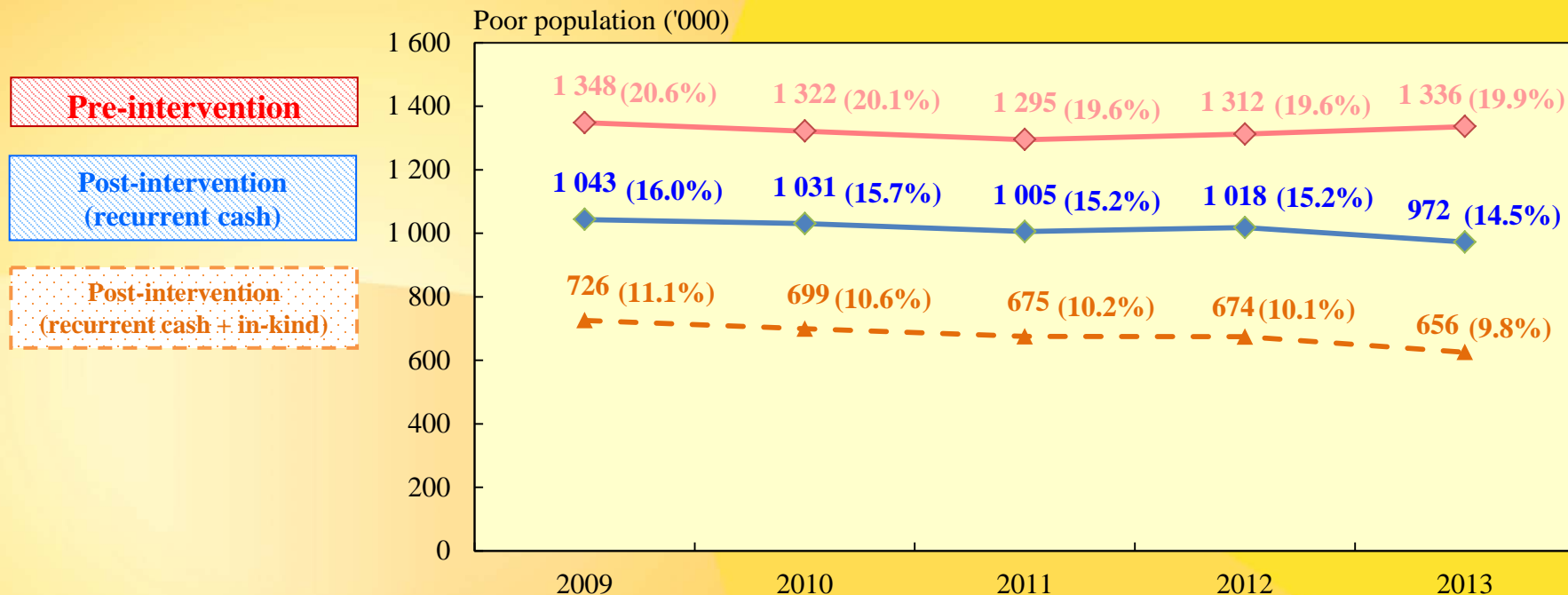
Poor households ('000)	2009	2010	2011	2012	2013
Pre-intervention	541	536	530	541	555
Post-intervention (recurrent cash)	406	405	399	403	385
Post-intervention (recurrent + non-recurrent cash)	361	354	281 [339]	312 [341]	333

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 was no corresponding figure for 2013.

Source: General Household Survey, Census and Statistics Department.

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

Poor population and poverty rate after taking into account in-kind benefits, 2009-2013



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

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

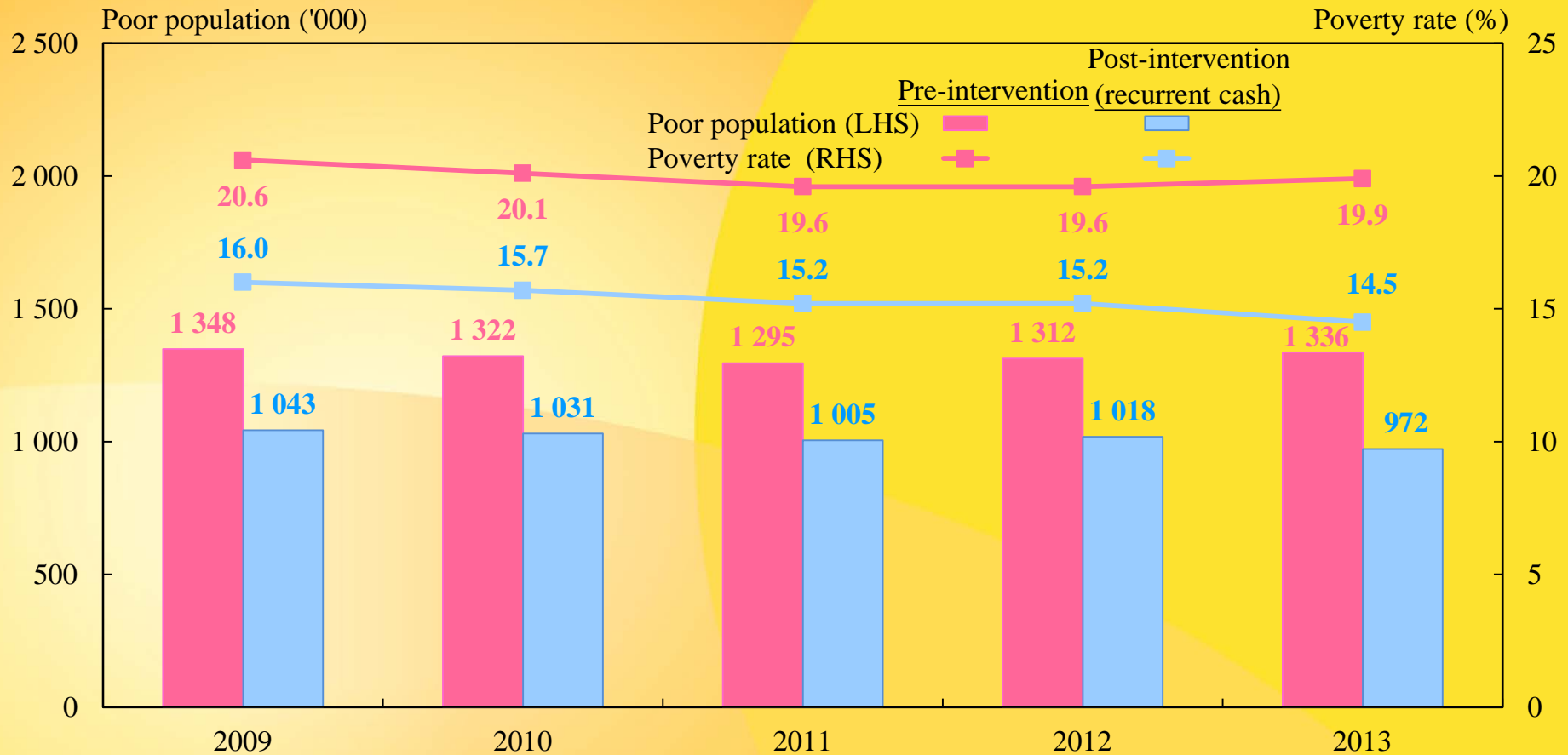
Source: General Household Survey, Census and Statistics Department.

Overview of the poverty situation in 2013

	Poor Households	Poor Population	Poverty Rate
Pre-intervention	0.55 million	1.34 million	19.9%
Post-intervention (recurrent cash)	0.38 million	0.97 million	14.5%
Post-intervention (recurrent cash + non-recurrent cash (one-off) measures)	0.33 million	0.85 million	12.6%
Post-intervention (recurrent cash + non-cash benefits, mainly public rental housing)	0.27 million	0.66 million	9.8%

Source: General Household Survey, Census and Statistics Department.

Poor population and poverty rate in 2009 to 2013



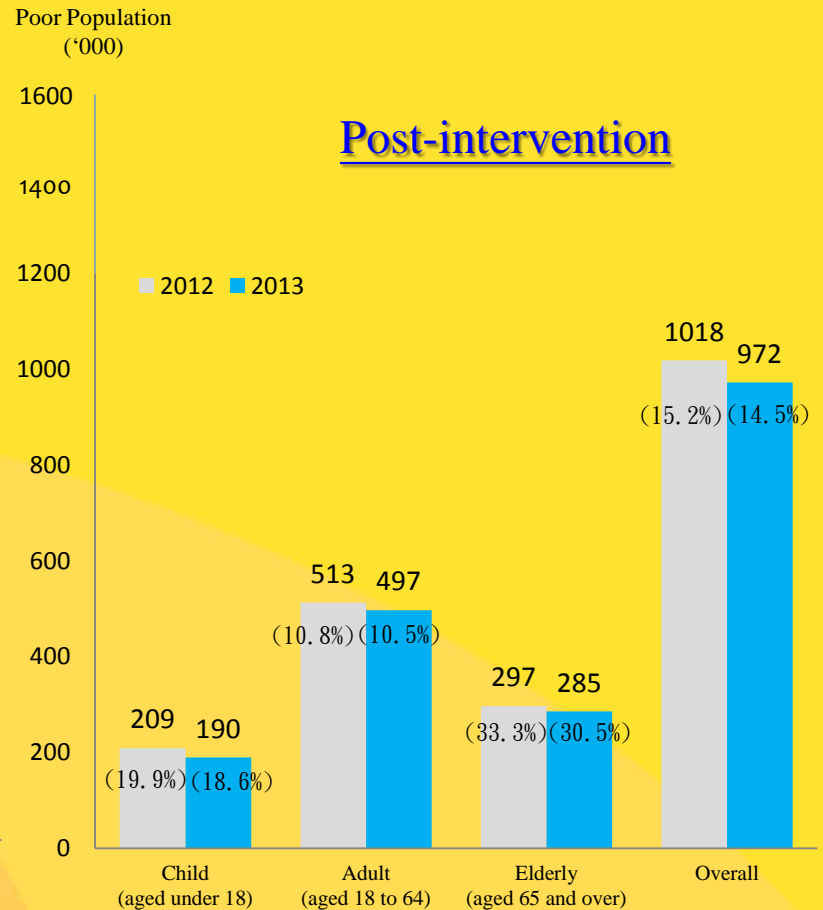
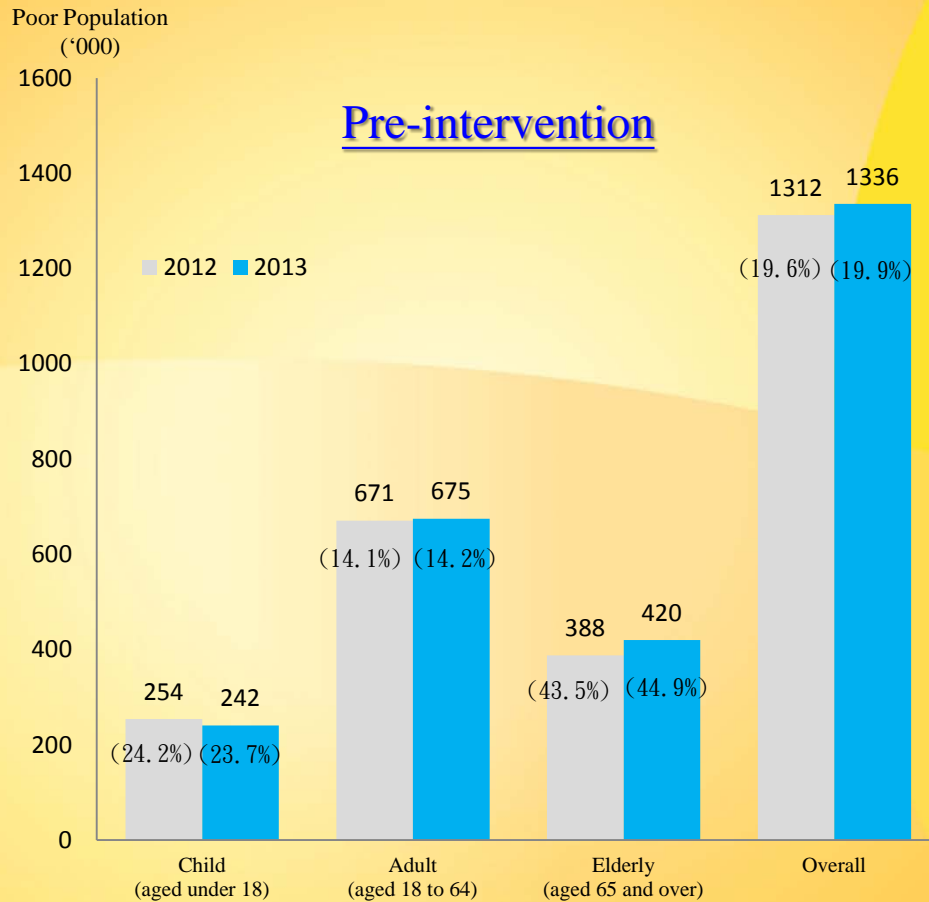
Poor households ('000)	2009	2010	2011	2012	2013
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Source: General Household Survey, Census and Statistics Department.

2013 Poor Population Statistics Key Analysis and Observations

Poor population by age group

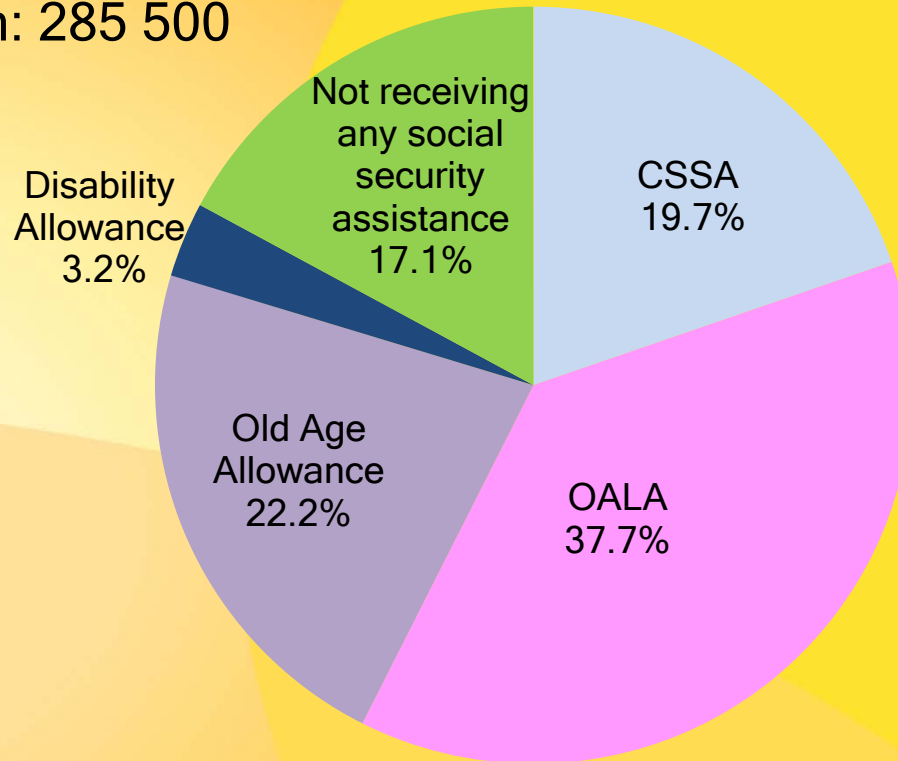
Elderly poverty rate reduced substantially in 2013



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

Over 80% of the poor elderly were beneficiaries of various social security schemes

Poor elderly population: 285 500



- Around 40% were living in public rental housing
- Among those poor population not receiving CSSA, 56% indicated that they did not have financial need. 40% of these elderly were living in mortgage-free self-owned property
- Indirectly reflect the “income-poor, asset-rich” limitation under the Poverty Line

More targeted poverty alleviation measures bring about more notable effectiveness

	Estimated transfer in 2013 (\$Bn)	Proportion of transfer to poor households	Reduction in poverty rate	Population lifted out of poverty
CSSA	13.5	98.1%	2.8	191 000
OALA	10.1	44.7%	1.6	107 000
Old Age Allowance	2.9	36.6%	0.3	23 000
Disability Allowance	2.2	30.9%	0.3	21 000

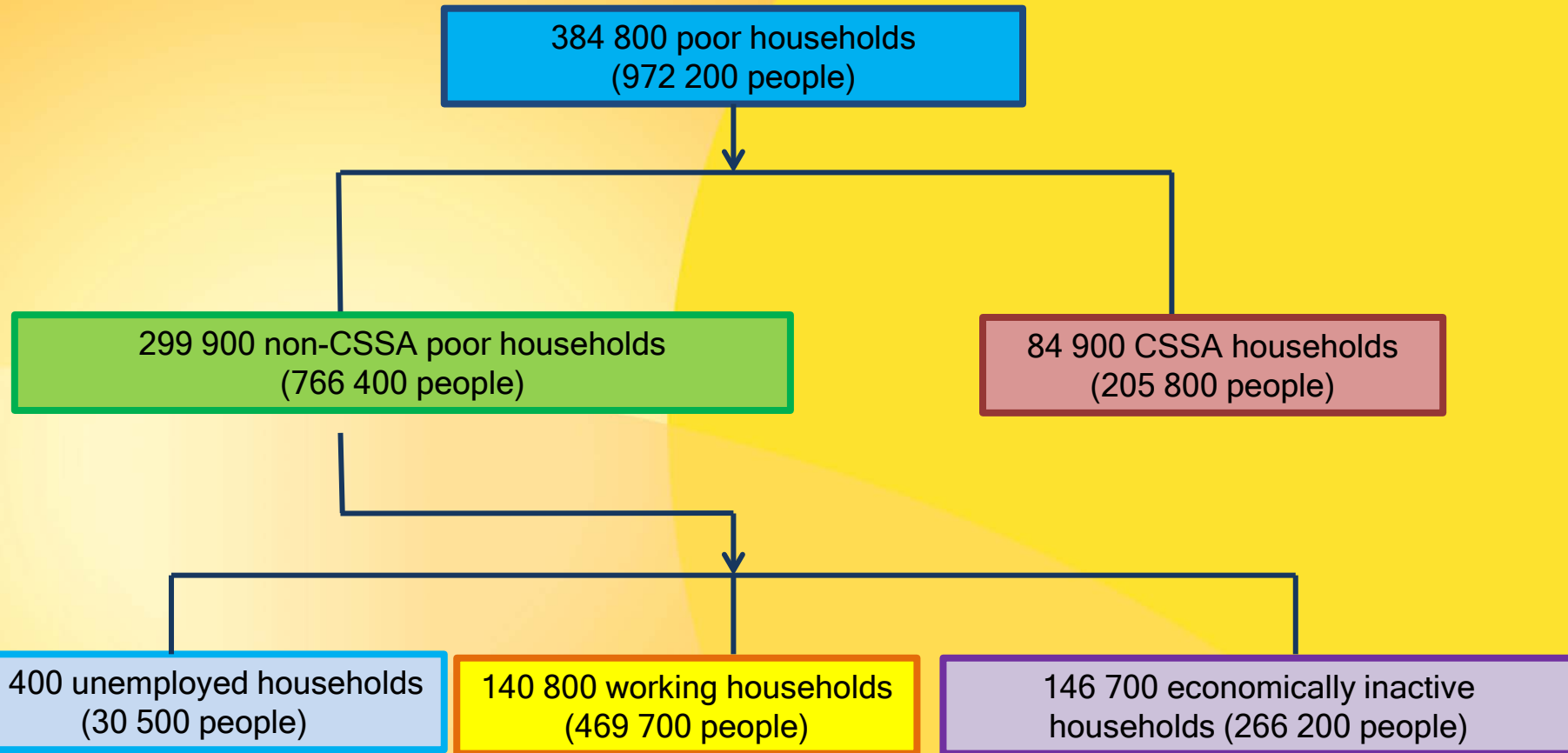
Employment is still the best route out of poverty - the poverty rate of working households far lower than that of the unemployed households

Household types	Poverty rate after Intervention (%)
Working households	8.7
Unemployed households	66.6
Economically inactive households	58.2

Source: General Household Survey, Census and Statistics Department.

- Government will continue to promote sustained economic development, create job opportunities and improve quality of employment
- Despite real income growth, there were still 150 000 poor working households, involving a population of nearly 520 000. Only 9% of such households were receiving CSSA, far lower than the overall CSSA take-up rate (22.1%)

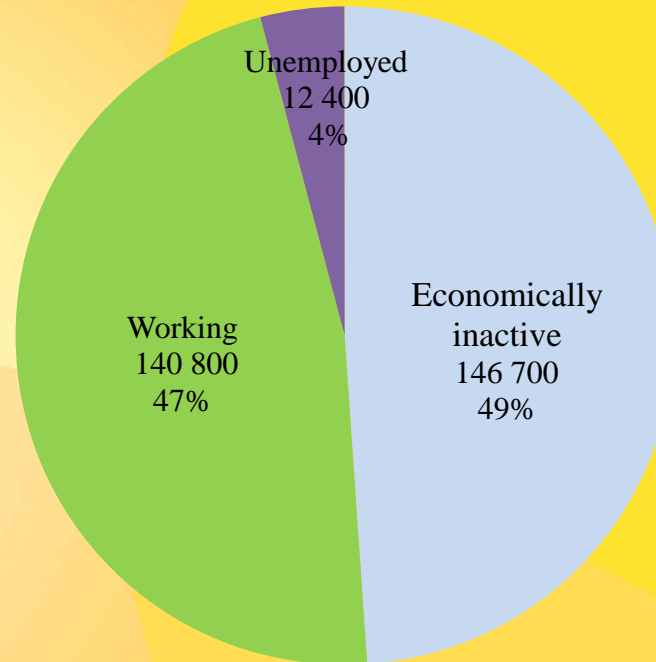
Distribution of poor households by economic activity status



Note: Based on poverty statistics after recurrent cash intervention
Source: General Household Survey, Census and Statistics Department

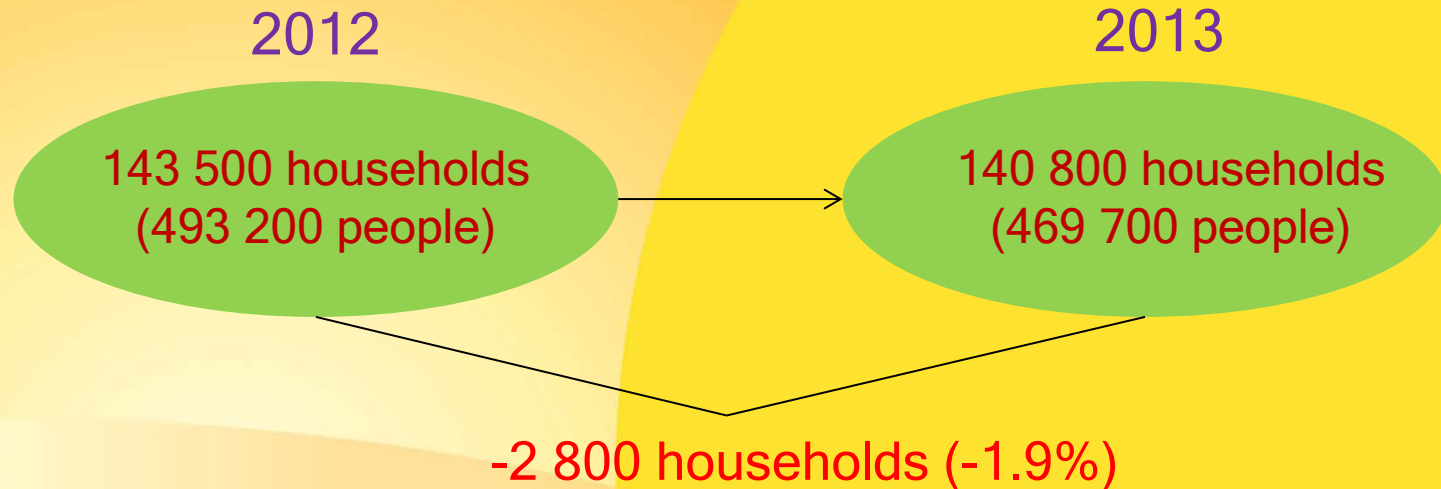
Distribution of non-CSSA poor households by economic activity status

- The working households and economically inactive households each made up about half of the 300 000 non-CSSA households



- 64% of the population in the economically inactive households were elderly. They are target beneficiaries of the OALA
- Amongst the 13 800 unemployed persons in the unemployed households, over 70% were short-term unemployed who were out of work for less than 6 months. A sturdy labour market is conducive to their re-joining the workforce

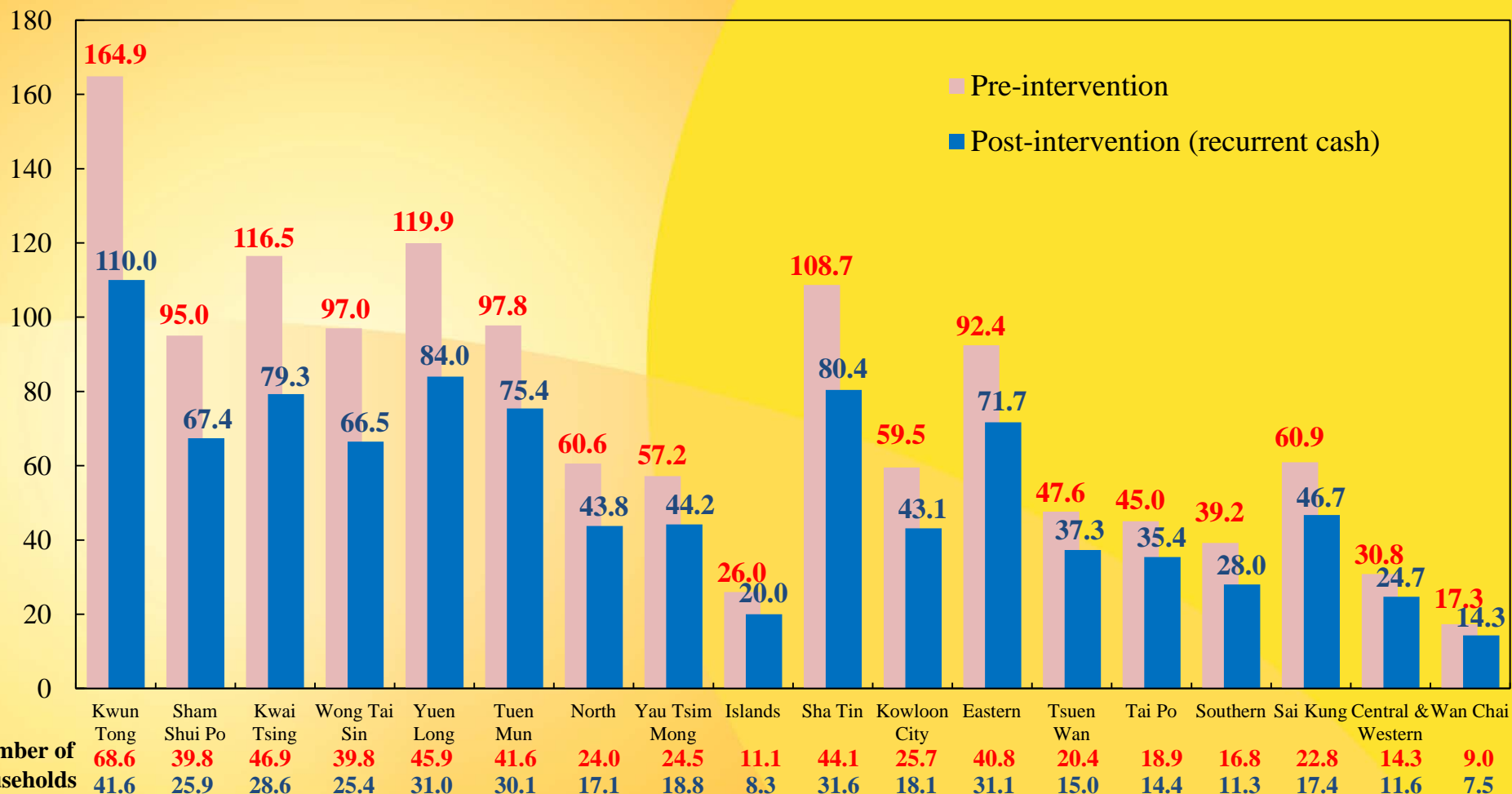
The number of non-CSSA poor working households reduced slightly. They are still a concern.



- The characteristics of the non-CSSA working poor households remain largely the same as in the last year
- The majority (82%) are large families with 3 members or more. The average number of working persons is 1.2. Children and students made up nearly 30% of the population. Family burden is heavy
- After policy intervention, the number of these households reduced by less than 2% as compared to 2012. Though they could benefit to a certain extent from the new measures implemented in 2013, including the OALA and improvement to WITS, they still need targeted assistance to improve their livelihood as soon as possible

Poor population by district in 2013

Poor population ('000)



District	Pre-intervention ('000)	Post-intervention (recurrent cash) ('000)
Kwun Tong	68.6	41.6
Sham Shui Po	39.8	25.9
Kwai Tsing	46.9	28.6
Wong Tai Sin	39.8	25.4
Yuen Long	45.9	31.0
Tuen Mun	41.6	30.1
North	24.0	17.1
Yau Tsim Mong	24.5	18.8
Islands	11.1	8.3
Sha Tin	44.1	31.6
Kowloon City	25.7	18.1
Eastern	40.8	31.1
Tsuen Wan	20.4	15.0
Tai Po	18.9	14.4
Southern	16.8	11.3
Sai Kung	22.8	17.4
Central & Western	14.3	11.6
Wan Chai	9.0	7.5

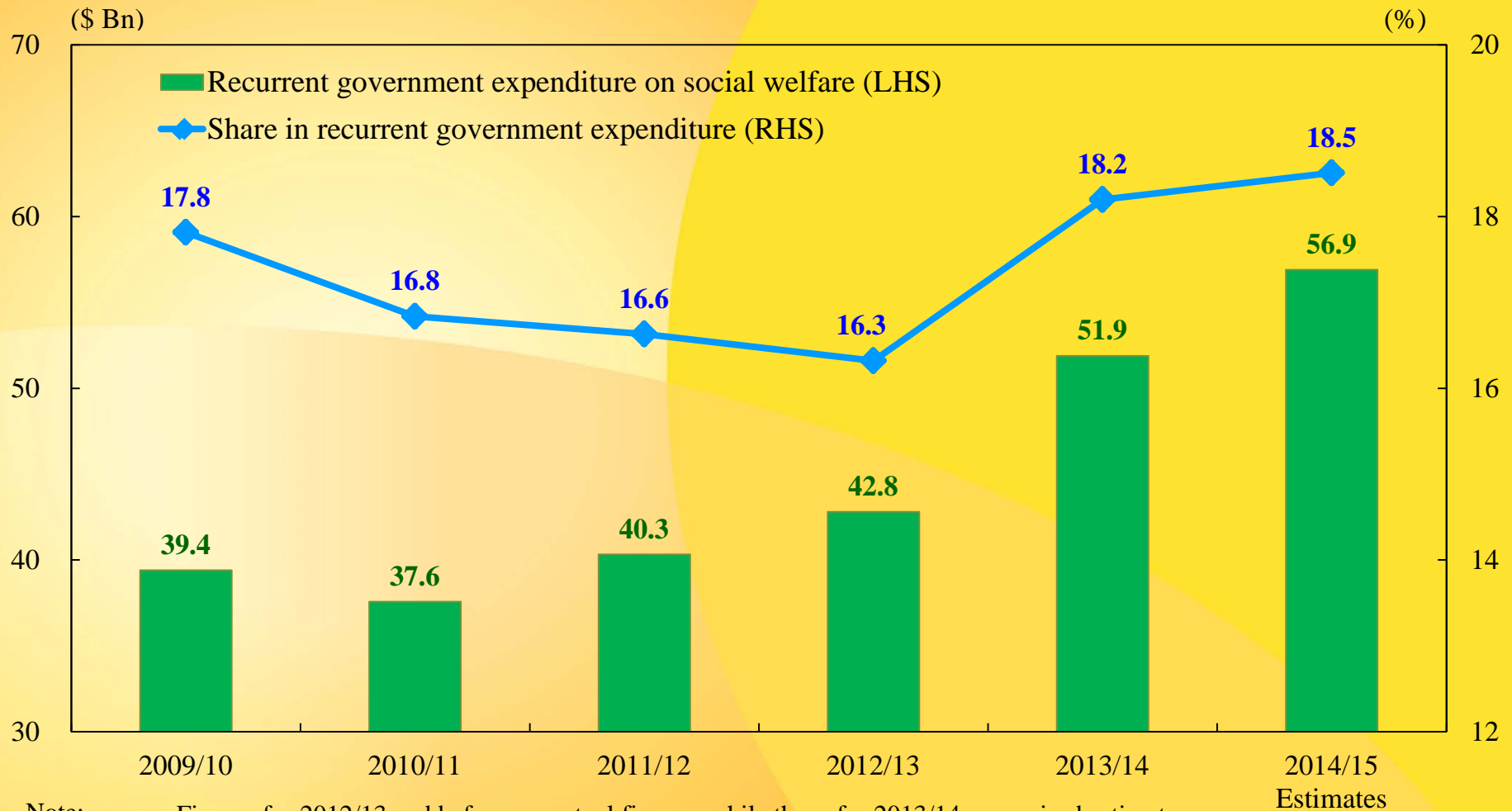
Source: General Household Survey, Census and Statistics Department.

The improvement in the poverty situation proved that our strategy is correct

- The poverty alleviation work of the current-term Government yielded results
 - The poor population dropped from 1.04 million in 2009 to 0.97 million in 2013, the first time below the level of 1 million. The poverty rate also dropped from 16% to 14.5%
 - When compared to the statistics before intervention (i.e. 1.34 million and 19.9%), the effectiveness is most notable in the past 5 years

The current-term Government increased its expenditure on poverty alleviation work substantially

Recurrent government expenditure on social welfare, 2009/10-2014/15



Note: Figures for 2012/13 and before are actual figures, while those for 2013/14 are revised estimates.
Source: Financial Services and the Treasury Bureau.

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

- Promote employment and care for the children continue to be the main theme of our poverty alleviation strategy
- CoP serves as the key policy platform for poverty alleviation and will continue to explore various measures to support different needy groups
- Conduct supplementary analysis on specific target groups, including the persons with disabilities and ethnic minorities to understand their socio-economic characteristics and provide data for policy formulation
- CCF continues to fulfill its function in plugging policy gaps, and roll out more programmes for those in need.

Looking Forward

- The current-term Government delivered concrete results on poverty alleviation. With the implementation of the LIFA in 2016, further improvement in the poverty situation is expected
- In view of our ageing society, coupled with the likely upshifts of the poverty thresholds as a result of increase in household income, the room for further decline in the poverty rate would be increasingly limited
- The Government will continue to closely monitor the poverty situation, and from a poverty alleviation perspective, ensure that limited public resources will be used on those most in need

Thank You